

JAVICO

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TODAY:  
Updating a Tradition, Page 8

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## f Perugia -Point Serie A Lead

dremadura gave Barcelona a jolt in the minute when it took the lead on a goal by Argentine forward Carlos Dute. But Luis Suarez equalized for Barcelona in the 29th minute and Patrick Kluyvert of the Netherlands clinched the victory in the 82d minute as Barcelona's ninth in a 30-point league. Real Madrid, Celtic and Arsenal each trail by three points. Madrid, meanwhile, was forced off the pitch by a crowd of 75,000 unimpressed by a try over lowly Valladolid. Real scored on penalties in the 18th and 51st minutes. Valladolid refused to give up. Juan Viquez scored in 65th minute, and then three minutes later, the Argentine striker Diego Novoa tied the score. But seconds before the final whistle, Raul saved Madrid, getting the hat-trick of the season. Moises Garcia put visiting Villarreal ahead in the 27th minute, but Juan Sanchez revived its hopes with an equalizer two minutes before the break. Michel Salgado pushed Celtic with a goal in the 81st minute. Bulgaria's Bo Penov scored a third from the penalty spot in the 87th and the Israeli Haim Revivo made it two minutes into injury time. On Saturday, Valencia missed a chance to gain first place when it drew, 0-0, with Espana de La Coruna. FRANCE Playing at home, Auxerre fell to a 2-1 loss to Lyon on Sunday. 2-1. Olympique Marseille, beaten and overruled by Girondins Bordeaux last weekend, bounced back to the top of the French first division with a 3-1 home victory over Bastia on Saturday. Marseille conceded a late goal and drew 1-1 at Rennes. Fabrizio Ravanelli, Marseille's Italian striker, scored twice and also took the free kick that started the opening goal for Pierre Larosiere in 34th minute.

## Schroeder Faces Risk Of Policy Paralysis

Hesse Setback Gives Opposition a Chance To Produce Gridlock

By William Drozdiak  
Washington Post Service

BERLIN — With his government suddenly stripped of its majority in the upper house of Parliament, Chancellor Gerhard Schröder on Monday faced the dismal prospect that his legislative program may be paralyzed by the same kind of political gridlock that undermined his predecessor, Helmut Kohl. Less than four months after taking office, Mr. Schröder's ruling Social Democrats and their partners, the Greens, were shocked Sunday when the opposition Christian Democrats scored an upset victory in the state of Hesse. The outcome tilts the balance of power in the upper house, the Bundesrat, in the opposition's favor and gives them a blocking majority.

"They will have to talk to us now when they want to pass a law," said Angela Merkel, general secretary of the Christian Democrats. "That applies both for tax reforms and citizenship reform."

During his successful campaign to oust Mr. Kohl from power after 16 years in office, Mr. Schröder accused his rival of allowing Europe's most pivotal nation to stagnate by failing to enact legislation that would redress the country's most pressing problems. In his defense, Mr. Kohl claimed he was stymied by the Social Democrats, who held majority veto power in the Bundesrat.

In the wake of the surprising results in Hesse, Mr. Schröder now must cope with an agonizing dilemma. If he chooses to compromise with his opponents in the interest of pushing through some diluted reforms, he risks alienating his core constituencies. But if he sticks to the ambitious platform approved by his ruling coalition, he could fall victim to Mr. Kohl's plight and see his opponents freeze his legislative program in its tracks.

The first challenge seems likely to occur over Mr. Schröder's controversial plan to offer the possibility of dual citizenship to the seven million foreigners living in Germany. The Christian Democrats displaced the Social Democrats as Hesse's largest party largely on the strength of a petition campaign, signed by more than one million people, that objected to the dual citizenship plan.

The Social Democrats angrily accused their opponents of exploiting xenophobic sentiments to secure their winning margin because they were bereft of vote-winning arguments on the economic front. The Social Democrats and Greens achieved a relatively successful record in ruling Hesse over the past eight years — it now enjoys the highest incomes and highest level.

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## Clinton Loses An Intimate Mideast Friend

By Barton Gellman  
Washington Post Service

AMMAN, Jordan — Only twice in this fractious part of the world has President Bill Clinton formed a truly personal bond, the kind that crossed from statecraft to something like love.

Three years ago he wept with one of those friends as they helped bury the other, the slain prime minister of Israel, Yitzhak Rabin. On Monday, he bowed his head before the flag-draped coffin of the second.

The loss of Jordan's King Hussein deprives Mr. Clinton of an ally and mentor whose influence far surpassed his modest kingdom. In two central foreign policy projects of his presidency, confronting Iraq and righting Arab-Israeli peace talks as they stumbled, Mr. Clinton leaned heavily on King Hussein for practical and moral support.

The intimacy of these two friendships, with Mr. Rabin and King Hussein, came out in small stories told of their time alone.

Mr. Clinton once recalled knowing Mr. Rabin's necktie for a White House ceremony because the old general had never learned to do it properly himself. On Monday, the national security adviser Samuel (Sandy) Berger described how the president, before embracing King Hussein during the Wye River summit talks in October, had to wash his hands with special soap because of the king's susceptibility to infection during chemotherapy.

Mr. Clinton delivered no eulogy for King Hussein, as he had done for Mr. Rabin. The Islamic funeral provided no occasion for that. Nor could Mr. Clinton and other non-Muslims accompany the funeral procession to the white-washed Royal Jordanian Mosque.

Mr. Clinton spoke instead Monday evening before U.S. Embassy personnel, recounting how King Hussein saved Israeli-Palestinian talks at Wye.

"This whole thing is about to come apart," Mr. Clinton said he had told King Hussein. "I said, 'If you come down, they won't have the courage to walk away here without an agreement.'"

"Hillary and I have had many unbelievable experiences as a result of the great honor of serving in the White House," Mr. Clinton said. "But among those I will treasure most, every day of my life, are the times we had with the king of Jordan."

Much of the president's short day in Amman passed in the diplomatic round robin that clings to the fringes of every state funeral. Mr. Clinton held conversations of a few minutes each, enough for signal-sending and temperature-taking, with a long list of foreign leaders: Hafez Assad of Syria, Benjamin Netanyahu of Israel, Jacques Chirac of France, Tony Blair of Britain, Suleyman Demirel of Turkey, Hosni Mubarak of Egypt and Crown Prince Abdullah bin Abdulaziz of Saudi Arabia, among others.

He also met briefly with Boris Yeltsin of Russia, who required medical treatment soon after and left Jordan before the funeral began.

"I'm glad you're here," Mr. Clinton told Mr. Assad, according to Mr. Berger. "I hope you'll help Jordan." The response? "He sort of said yes," Mr. Berger allowed, "but I couldn't see in his heart."

Just as carefully, Mr. Clinton steered clear of others among the "motley crew," as one U.S. official called it, that mingled among America's friends at graveside. "He doesn't want to bump

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## Even Bitter Enemies Come Together in Tribute

# King Hussein Is Buried as Jordanians Grieve



Queen Noor, fourth from right, surrounded by weeping women as King Hussein's coffin left the palace Monday.



President Hafez Assad of Syria, center, praying at the coffin of King Hussein in Amman on Monday.



President Boris Yeltsin in Amman on Monday for the king's funeral. He quickly returned to Russia. Page 4.



President Bill Clinton, center, flanked on his left by President Hosni Mubarak of Egypt and on his right by the Sultan of Brunei, at the funeral. Among others behind them are President Jacques Chirac of France, left, and former President Jimmy Carter. Leading the procession is the royal family, including Prince Faisal at right.

## World Leaders Converge for The Funeral

By Howard Schneider  
Washington Post Service

AMMAN — King Hussein of Jordan was buried on Monday in a simple white shroud as international leaders, enemies and allies alike, gathered to honor one of the world's longest serving heads of state and a forceful advocate for peace in the Middle East.

The four-hour motorcade and burial service commemorating the king's 46-year reign first jammed the streets of Amman with hundreds of thousands of mournful Jordanians, then turned the grounds of the Raghadan Palace with a remarkable assemblage of presidents, prime ministers, and princes, sheikhs, emirs, and tribal chiefs.

It was a rite that bridged the world's cultures and, for a short time at least, muted long-standing enmities between rivals like Syria and Israel.

As they filed past Hussein's coffin, which was attended at each corner by Circassian guards in lamb's-wool hats and black coats, the military men in the procession saluted, Roman Catholics made the sign of the cross, Japanese leaders bowed deeply, and Muslims raised their palms in prayer for one of their own.

President Bill Clinton and three former U.S. presidents — George Bush, Gerald Ford and Jimmy Carter — lowered their heads in unison for a man they all respected through periods of intense disagreement and equally intense alliance.

Boris Yeltsin, Russia's ailing president, defied medical advice and summoned the strength to travel here to pay his respects, though he stumbled on his way into the palace and had to cut his visit short.

The Palestinian leader, Yasser Arafat, whose Palestine Liberation Organization guerrillas once battled Hussein's army, saluted the departed monarch twice.

Most notably, President Hafez Assad of Syria attended despite the presence of his bitter foes from Israel, including Prime Minister Benjamin Netanyahu. After a lifetime of disputes with the Jordanian king, the Syrian leader lifted his hands in supplication, and later embraced and kissed Jordan's new monarch, Abdullah, Hussein's 37-year-old eldest son.

The line took an hour to pass through the modestly decorated throne room where only three weeks ago Hussein greeted family and friends on his return from what was described then as successful treatment in the United States for lymphatic cancer. The disease recurred, however, and Hussein died Sunday in a local hospital at age 63.

After walking stately to a palace mosque for prayers, it was left to the male members of the king's Hashemite family to lay their leader to rest. With the women restricted under Islamic custom to a separate mourning area, the men gathered under a green tent, accompanied in their march by a military band, plaintive bagpipers, and the king's favorite stallion, symbolically carrying a saddle with empty black boots.

There, the king's body, wrapped in the traditional Islamic burial shroud, was taken from the coffin and placed into the ground near his father Talal, whose removal from the throne in the 1950s because of mental illness made Hussein monarch at age 19.

Passages from the Koran were repeated in a lyrical chant. A military bugler sounded the last call. Attending

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## Virtual Stores, Real Clout Cyberspace Sales Pressure Traditional Retailers

By Stephanie Stoughton  
and Leslie Walker  
Washington Post Service

WASHINGTON — Sporting goods retailers were hardly pleased the day Nike Inc. opened its own factory outlets, offering the swoosh-branded athletic shoes at discount prices. And their frustration grew when the manufacturer introduced its full-price NikeTown stores.

Today they are grappling with the company's latest plans: opening a Nike store in cyberspace where it will sell its hottest styles.

"It's all about control," said Kevin Kim, Internet manager for Wings Foot and Sports Corp., which also owns two stores in New York. "They're trying to get people to buy from Nike first."

Nike's bid to bypass retailers on-line underscores how the Internet is complicating long-standing business relationships. In the United States, the world's most developed on-line marketplace, it is already sending tremors

through the retailing and manufacturing industries, which have historically been close allies as well as competitors. Clinique's World Wide Web site now is competing with Macy's on-line site, which also sells the cosmetic company's products. The toy manufacturer Mattel Inc. and the retailer Toys 'R Us Inc. offer Barbie dolls on-line. And the retailer CompUSA Inc. proudly unveiled its own cyberstore, only to bump into supplier Compaq Computer Corp., which also is selling on the Web.

The tug of war that manufacturers and retailers have long played on the ground is spreading on-line and becoming more intense, potentially affecting all sectors of retail and manufacturing — and consumers as well. In the United States, for the more than 1.6 million retail outlets and more than 400,000 manufacturers, the stakes eventually will include market share and for some, perhaps even survival. For consumers,

See RETAIL, Page 3

## AGENDA Prosecutors Make Final Arguments

The 100 U.S. senators sitting at a jury heard a final, impassioned appeal Monday from all 13 of the House prosecutors to make Bill Clinton the first American president to be removed from office. Page 3.

## Iris Murdoch Dies; Novelist Was 79

LONDON (Reuters) — The novelist Iris Murdoch, 79, died Monday, her family said. Miss Murdoch had been suffering from Alzheimer's disease. A full obituary will appear in Wednesday's editions.

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## Anwar, Taking the Stand, Calls Trial a Political Plot

By Mark Landler  
New York Times Service

KUALA LUMPUR — Five months after he was ousted and jailed on corruption and sex-related charges, Malaysia's former deputy prime minister, Anwar Ibrahim, finally took the stand Monday in his defense.

Under questioning by his lead attorney, Mr. Anwar laid the groundwork for his contention that he is the victim of a political conspiracy sanctioned by his former mentor, Prime Minister Mahathir bin Mohamad.

The government accused Mr. Anwar of quashing a police investigation of charges that he had illicit sexual relations with women and men.

But Mr. Anwar testified that he encouraged the police to look into the allegations, even though they were made in letters that he said were written by his enemies.

"I wouldn't have done that if I had

the slightest worry or suspicion as regards the truth of the allegations," Mr. Anwar said.

Earlier, he noted, "I know I have political foes who would stop at nothing to achieve their agenda."

In a trial that has mesmerized Malaysia and become a referendum on its government, the central player emerged as a relaxed witness — smiling easily and sprinkling his comments with sardonic observations about the police, high society figures, and even his own plight.

When the judge asked Mr. Anwar to run through his résumé, the 51-year-old politician listed a series of increasingly powerful government posts that culminated in the No. 2 post under Mr. Mahathir. Then Mr. Anwar switched from Malay to English to add a wry coda: "Now jobless."

The comment drew laughs from the gallery, which included foreign jour-

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The Dollar			
	Monday @ 4 P.M.	previous close	
Canada	1.1322	1.1283	
France	1.6399	1.6333	
Germany	1.1454	1.1322	
Italy	1.7273	1.7271	
Japan	6.7932	6.8256	
Dollars against the euro			
1 euro	13.13	9.291.11	-0.14%
S&P 500			
Index	4,377	1,248.77	+0.35%
Nasdaq			
Index	3,128	2,404.92	+1.32%

Newsstand Prices	
Bahrain	1,000 BD Mails
Cyprus	C 1.00 Nigeria
Denmark	17 DKR Oman
Finland	12.00 FM Qatar
Gibraltar	2.00 GBP Ireland
Great Britain	UK £1.00 Saudi Arabia
Japan	¥ 5.50 S. Africa
Korea	₩ 84.100 U.S. Mail
Kuwait	700 Fils Zimbabwe



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## The Common Touch / Jordan's New Leader

## On the Throne, A Man of Action

By William A. Orme Jr.  
New York Times Service

AMMAN — The first clear sighting since Jordanians had of their new king came suddenly and dramatically last May, when gunmen who had murdered an Iraqi diplomat and at least 11 others were found holed up outside town.

With news cameras rolling, a squad of army commandos in bulletproof vests assaulted the hideout, their leader exchanging fire with the fugitives in a battle that left one of them dead and the three others in custody.

"It was like a Hollywood movie," said a Jordanian journalist who covers this usually sleepy capital. "We couldn't believe that it was really him out there, risking his life."

On Sunday afternoon, Jordanians saw a different side of the former commander of the Jordanian Special Forces, as a somber, dark-suited King Abdullah II took the oath of office as the fourth ruler of the Hashemite Kingdom of Jordan.

Seemingly suddenly aged and speaking stiffly in the formal Arabic he famously has not mastered, the new monarch sought to reassure Jordanians that he was confidently in charge, while at the same time acknowledging the deep grief they felt at the death of his beloved father.

Inevitably, he was compared on Sunday to King Hussein, who in his 47-year reign essentially created the modern state that King Abdullah now rules. Jordanians noted that he shares his father's trim, athletic bearing and his husky direct tone of voice. And his first move as king was seen as both astute and popular, in the Hussein style: the designation of his 18-year-old half-brother Hamzah as crown prince.

Still, Jordanians barely knew their new king, while the man who preceded him had been their unifying national

symbol for half a century. He remains in the still-unfocused popular view more military man than statesman, more the daredevil older brother than the benign but powerful father, a role Hussein played to perfection.

But like his father in his youth, the new king was seen before his 1993 marriage as a kind of modern man of action, a gentleman soldier who was an accomplished marksman, a helicopter and jet-fighter pilot, a deep-sea scuba diver and an avid collector of antique weaponry. As a bachelor he had a taste for fast cars, winning the Jordanian National Rally one year, and, reputedly, the lifestyle that often accompanies fast cars.

BUT SINCE his marriage to Princess Rania, a West Bank Palestinian whose family had worked in Kuwait but fled to Jordan in the Gulf War of 1991, Abdullah has by all accounts been a contented and private family man.

He has kept himself and his family — he has two children, 4-year-old Hussein and 2-year-old Iman — far from the public eye. Even a few weeks before his sudden elevation to the throne, few Jordanians would have recognized him in the street, despite his brief moment of televised derring-do last year.

A product of elite British and American schooling, he went to Deerfield Academy in Massachusetts and the British military academy at Sandhurst, and took a yearlong course in international studies at Oxford and Georgetown.

Just a few days ago, he said he had anticipated continuing his life as a career military man, handling internal security matters and strategic relationships with foreign allies.

As Jordan's top counterterrorism specialist and a former troop leader with Britain's famed Royal Hussars, he clearly enjoys his association with others in the close-knit Western



King Abdullah II, with one hand on the Koran, being sworn in Sunday before both houses of Parliament.

military world of special-forces professionals. "I have a lot of good friends in the Pentagon," he says, and he has enjoyed "the honor and the privilege" of collaborating closely with his counterparts in Israel's armed forces.

Within the palace, friends say, he had a reputation as a family peacemaker, an attentive uncle and a fierce protector of his father's interests. "I always felt that it would be a

great honor for me to work behind the scenes for my father and my family," he has said.

Yet he also says now that his father had been talking to the family since at least 1992 about reverting the line of succession to his own descendants. But though he was the eldest of the king's four sons, he said he did not expect to be named himself.

"This took me slightly by surprise," he said with a wry smile of understatement. He said he was told of the decision by his father just a day before the public announcement two weeks ago.

VETERAN palace observers say Abdullah did not have every reason to be surprised by the sudden turn of events. Had Hussein's health deteriorated to the point of incapacitation just six months ago, there was little question that his duties and eventually his throne would have been assumed by then-Crown Prince Hassan, the late king's younger brother, who had served as the constitutionally designated heir since 1965.

And had the 63-year-old king lived for another 10 or 15 years, as his family expected the vigorous monarch would, the widespread assumption was that the succession would revert to the king's sons but not to Abdullah. Observers expected a battle for the father's loyalties between Prince Hamzah, the new crown prince, and Prince Ali, the eldest son of Queen Alia, a widely beloved Palestinian who died in a 1977 helicopter crash.

Yet until he was 3, Abdullah had been the crown prince of Jordan. He was the designated and logical heir in a dynasty that traced its lineage through 43 previous generations of eldest sons to the prophet Mohammed. But Middle East turbulence and rumored murder plots persuaded his father — who had witnessed the 1951 assassination of his grandfather that propelled him to the throne a year later — to place his younger brother, Prince Hassan, in the line of succession.

Welcomed in the region as politically prudent, the designation of Hassan as crown prince was also favored by conservative Jordanians who were uneasy at the prospect of a British Christian's son sitting on the Hashemite throne, the traditional protector of the holy sites of Islam.

Abdullah is Hussein's eldest son, from his English-born second wife, Toni Gardiner, who was divorced from the king in 1972. Prince Hamzah is the eldest son of Hussein's widow, Queen Noor, who had made little secret of her desire to have him one day head the Hashemite dynasty.

But as a career military officer for 18 years, Abdullah has the army's unquestioned allegiance as one of his own. He has climbed the ranks to major general without conspicuous favoritism. And for a political novice, he shows some early signs of deftness and an easy common touch.

His appointment of Hamzah as crown prince was a sign that Abdullah had placed the highest priority on the healing of any rifts in the royal family, divisions that some Jordanians believed imperiled the country's political stability.

## In the Wings, a Target of Barbs

## Queen Noor Sometimes Too Outspoken for Conservatives

By Douglas Jehl  
New York Times Service

AMMAN — For more than 20 years, she was his wife and confidante, an American-born beauty who became a Jordanian queen. And even with the death of King Hussein, no one here is expecting Queen Noor to go away. At age 47, she is now the honored widow of a monarch whose family includes his 11 children by four wives.

Queen Noor was at the king's side throughout his illness and is said to have been a buoying force as family members gathered around his hospital bed. And as the king lay dying, she won hearts here by venturing into the rain Saturday evening, her head covered modestly in white chiffon, to circulate outside the hospital gates — the widow-to-be comforting the bereaved.

It was a graceful gesture from the queen, who has been a target of sniping in the past but whose strength and warmth have recently won her increasing affection and who is now seen as likely to endure as an important voice behind the Jordanian throne.

"She was a Jordanian standing there with her fellow Jordanians, sharing the moment and her emotion and feeling," said Sina Bahout, who has worked closely with the queen since 1986.

Queen Noor was not seen in public Sunday. She had rarely left her husband's side during his treatment for cancer over the last six months and her confidantes said she was grieving in private.

The new king, Abdullah II, is not Queen Noor's son. He was born to Princess Muna, the king's second wife, who was originally Toni Gardiner. Queen Noor's own eldest son, Hamzah, 18, was passed over last month when the king appointed a new heir.

But in an arrangement that many here believe was a parting gift from the late king, an enduring role for her family line was cemented Sunday when King Abdullah named Hamzah as his crown prince.

Hussein's widow was born Lisa Najeeb Halaby to a

Christian Arab-American family and raised in Washington, where her father was head of the Federal Aviation Administration and then of Pan American World Airways. She took the name Noor al-Hussein — the light of Hussein — when she converted to Islam and married the king on June 15, 1978.

The queen quickly became a warm stepmother to two of the king's children, Prince Ali and Princess Haya, the children of the king and his previous wife, Queen Alia, who died in a helicopter crash in 1977.

Queen Noor and the king have had four children of their own, two boys and two girls, beginning with Prince Hamzah, who was born in 1980.

But the queen has not always been regarded with favor in Jordan. A 1974 graduate of Princeton University, she has been an outspoken advocate for women's rights, economic development and environmental protection. She has been seen by some Jordanians as too ambitious, too forceful and too foreign in what is a very conservative society.

SHE SHOCKED some Jordanians several years ago when she posed for a magazine photograph with her husband on one of the king's Harley-Davidson motorcycles. More recently, during the internal palace jockeying over who would succeed the king, she was subjected to particularly harsh barbs from people close to the king's brother, Hassan, who was then the crown prince.

But her associates say she has tried to turn a deaf ear to criticism from people who saw her and her son as Hassan's rivals, recognizing as one of them put it, that "if you want to attack a man in the Middle East, then the easiest target is his wife."

And in his last public statement, the angry letter Jan. 25 that dismissed Hassan as crown prince, the king offered an



Queen Noor being greeted by Jordanian well-wishers at the medical center in Amman where she comforted King Hussein until his death.

eloquent testimonial to a wife he said had been the target of baseless criticism, calling her "a Jordanian who belongs to this country with every fiber of her being."

There is no constitutional place for the king's widow in Jordan's monarchical system, but there is precedent for a powerful role. After Hussein was crowned in 1952, at age 16, his mother, Queen Zein, was a major force for well over a decade, advising her son as he matured as a statesman.

Queen Noor almost certainly has more political experience than Abdullah, a career soldier. She has served as a roving ambassador for Jordan and was frequent visitor to the White House at the king's side. On Sunday, President Bill Clinton, a good friend, called her "a daughter of America and a queen of Jordan" who had "made two nations very proud."

Well-connected Jordanians say they believe the new king may well turn to Queen Noor as a unifying source of institutional memory and as someone who can help to solidify a royal family that otherwise might find itself divided.

Battles Erupt on a 3d Front  
Between Ethiopia and Eritrea

Compiled by Our Staff from Dispatches

ADDIS ABABA, Ethiopia — Fighting has opened up on a third front on the border between Ethiopia and Eritrea and was continuing Monday, with heavy artillery fire being exchanged around Burie, in the east, diplomatic sources said.

The fighting spread to the third front Sunday, the sources said. Fighting on the western and central fronts along the 1,000-kilometer border reignited over the weekend.

Earlier Monday, Ethiopia announced that it had sent fighter planes to support ground troops undertaking "extensive counteroffensives" around Badme, on the western front, and Tserona, on the central front.

Badme is 725 kilometers north of the Ethiopian capital, Addis Ababa, on the western stretch of the border separating the two countries. Tserona is about 8 kilometers inside Eritrea and about 100 kilometers south of the Eritrean capital, Asmara.

"The Ethiopian Army has captured key military positions," a communiqué said.

The first shots of the war were fired last May in the Badme-Shiraro border area. An estimated total of 1,000 people were killed in two weeks of air and artillery attacks that followed. After the

two sides signed, in June, a U.S.-brokered pact banning air strikes, fighting tapered off. The battles that began Saturday broke the stalemate.

Eritrea, which charged that Ethiopia was also using helicopter gunships, claimed to have killed more than 250 Ethiopian soldiers Sunday on the western front.

In Asmara, the Eritrean Foreign Ministry spokesman, Moges Niazzi, called Monday's fighting "very intense and getting worse."

Both countries have beefed up their air forces with Soviet-era fighter-bombers since the last round of fighting. Eritrea now has MIG-29 fighter-bombers that can reach the Ethiopian capital.

Mr. Moges said eight civilians were killed Sunday and nine were wounded when the Ethiopians shelled Adi Quala, about 40 kilometers inside Eritrea, forcing thousands of people to flee.

There is no military presence in the town, the spokesman insisted. A spokeswoman for the Ethiopian government said that her country's forces had destroyed a radar installation at Adi Quala and that the area was uninhabited.

The charges by both sides could not be independently confirmed.

(AFP, Reuters)

## TRAVEL UPDATE

## Flight Cancellations

## At American Airlines

DALLAS (AP) — American Airlines canceled 30 flights Monday, increasing the number of cancellations to more than 300 since Friday amid a dispute with its pilots. American said it was booking passengers on additional flights or other carriers as hundreds of people were forced to change their travel plans.

Some 200 flights were canceled Sunday, or about 10 percent of the airline's scheduled flights, after 90 flights were canceled Saturday. Pilots were apparently staging a slowdown believed to be in reaction to sluggish talks on a work agreement over a recently acquired carrier.

## Air Controllers Extend

## Pay Strike in Finland

HELSINKI (Reuters) — A pay strike by Finnish air traffic controllers that has crippled domestic air travel entered its second week on Monday, with the country's small-business lobby calling on the government to intervene.

The Civil Aviation Administration said 17 percent of domestic flights and 91 percent of international flights were flown Monday. The Federation of Finnish Enterprises urged the government to step in, but the prime minister has refused.

## SAS Cuts Paris Flights

COPENHAGEN (AFP) — Scandinavian Airlines System will cancel 33 daily flights from Scandinavian capitals to Paris from Feb. 25 to March 14, the airline's internal newsletter reported Monday.

The cancellations, caused by a reorganization of France's air corridors, will also affect, to a lesser degree, flights from Copenhagen to Amsterdam, Brussels, Frankfurt and London.

## Snow and Icy Cold Blanket Much of Europe

Reuters

VIENNA — Heavy snow and icy temperatures over the weekend caused chaos across Europe, as avalanches and traffic jams disrupted travel on Monday.

After the heaviest snowfall in decades, 6,000 people were trapped in ski resorts in western Austria on Monday, and in Switzerland an avalanche crushed a café in the Alpine resort of Wengen, killing the owner and his wife.

On Sunday, an 18-year-old German snowboarder in the Tyrolean resort of St. Johann, near Kitzbuehel, froze to death after falling into a river.

The popular resorts of St. Anton, Lech, Zurs and Ischgl were cut off as avalanches buried mountain passes, an Austrian automobile association said.

More than 1.7 meters (5.4 feet) of new snow blanketed the region during the weekend and more was forecast for the next few days.

Sweden, where two weeks ago temperatures plunged to a near-record minus 49 centigrade (minus 56.2 Fahrenheit) in the north, was shaken by another cold spell on Monday.

Morning temperatures in Stockholm registered minus 12 centigrade (10.40 Fahrenheit), and minus 20 centigrade (minus 4 Fahrenheit) in the north.

The freezing weather delayed trains from the north by up to five and a half hours in Stockholm. The fire brigade warned against standing on the ice-covered sea and lakes surrounding Stockholm after a man fell through the ice at Drottningholm Castle.

In Belgium, the army was called out to clear the motorway linking Luxembourg to Brussels after 300 trucks had failed to scale icy hills.

In the Netherlands, rush-hour traffic jams were five times longer than usual. A slippery runway at Amsterdam's Schiphol Airport caused an Israeli El Al plane to land with its nose off the runway.

In the Czech Republic, up to 50 centimeters (20 inches) of snow cut short the World Cup ski-jumping event at Harrachov in the north on Sunday. Another event scheduled for Saturday had been scrapped due to gale-force winds.

In Bosnia, the winter's heaviest snowfalls forced Sarajevo's international airport to close Monday and snarled traffic in the city.

## WEATHER

Forecast for Wednesday through Friday, as provided by AccuWeather.

Europe	Today	Low	High	Tomorrow	Low	High	Day After	Low	High
Algeria	14/57	6/46	44/57	14/57	6/46	44/57	14/57	6/46	44/57
Austria	2/38	-2/38	38/48	2/38	-2/38	38/48	2/38	-2/38	38/48
Belgium	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Brussels	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
France	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Germany	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Italy	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Japan	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
South Korea	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Spain	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Switzerland	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.K.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.S.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62

North America	Today	Low	High	Tomorrow	Low	High	Day After	Low	High
Alaska	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Canada	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.S.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62

Asia	Today	Low	High	Tomorrow	Low	High	Day After	Low	High
Algeria	14/57	6/46	44/57	14/57	6/46	44/57	14/57	6/46	44/57
Australia	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
China	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
India	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Japan	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
South Korea	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Spain	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.S.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.K.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62

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**WEATHER**  
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Europe

Today	Low	High	Tomorrow	Low	High	Day After	Low	High	
Algeria	14/57	6/46	44/57	14/57	6/46	44/57	14/57	6/46	44/57
Austria	2/38	-2/38	38/48	2/38	-2/38	38/48	2/38	-2/38	38/48
Belgium	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Brussels	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
France	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Germany	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Italy	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Japan	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
South Korea	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Spain	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Switzerland	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.K.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
U.S.	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62

North America

Today	Low	High	Tomorrow	Low	High	Day After	Low	High	
Alaska	12/52	3/41	51/62	12/52	3/41	51/62	12/52	3/41	51/62
Canada	12/52	3/							



## THE AMERICAS

## House Prosecutors Make Final Appeal for Clinton's Removal From Office

By Brian Knowlton  
International Herald Tribune

WASHINGTON — The Senate heard familiar arguments but rare passion on Monday as House prosecutors spoke for the last time in the impeachment trial of President Bill Clinton, asserting that the president was "still in denial" about "gross misconduct and criminal actions" and should become the first president removed from office.

The White House legal team, making its own closing arguments, again denied the charges of perjury and obstruction of justice built around Mr. Clinton's attempts to hide his affair with Monica Lewinsky.

All 13 House managers spoke, many

of them in anger, frustration or resignation. It has become increasingly clear that Mr. Clinton, with the help of perhaps all 45 Democrats, will prevail when final votes on the articles of impeachment against him are taken Thursday or Friday.

The prosecutors, all Republicans, tried to draw on their frustration, however, in their final appeal to the 100 senators sitting as a jury.

One of the prosecutors, James Sensenbrenner of Wisconsin, noted that the House team had been described as "13 angry men," animated by political hatred for Mr. Clinton. "We are angry," he said, but "they are dead wrong about what we are angry about."

"We have not spent long hours poring

through the evidence, sacrificed time with our families and subjected ourselves to intense political criticism to further a political vendetta," Mr. Sensenbrenner said. "We have done so because of our love for this country and respect for the office of the presidency, regardless of who may hold it."

Mr. Clinton's lawyers, Mr. Sensenbrenner said, had offered "a litany of excuses."

"He and his defenders are still in denial," he said. "They will not accept the consequences of their repeated and criminal attempts to defeat the judicial process. To keep a president in office whose gross misconduct and criminal actions are well-established fact will weaken the presidency, undermine the

authority of law."

Charles Ruff, the White House counsel, criticized the managers, saying that theirs was "a vision more focused on retribution, more designed to achieve partisan ends, more uncaring about the future we face together."

As Mr. Clinton's team has done since the House Judiciary Committee first opened hearings on impeachment, Mr. Ruff insisted that the allegations against the president did not meet the high constitutional bar for removal from office.

"When all is said and done," he said, "the framers chose stability — they made impeachment and removal, constitutional recourses of last resort."

"You must decide," Mr. Ruff told the senators, "whether on these facts arising

out of these circumstances, this president has so endangered the state that we can no longer countenance his remaining in office."

The House managers face the virtual certainty that they cannot obtain the 67 votes needed to remove Mr. Clinton from office. Never has a president been so removed.

The challenge now, some Republicans conceded, was to secure at least a majority — 51 votes if all 100 senators are present — on at least one of the articles, and save the face of the managers and the party leadership. That appeared more likely on the obstruction-of-justice charge than on the perjury charge.

With the legal teams' work done, senators are to begin deliberating Tuesday

on what many have called the most important votes of their careers. It appeared likely that those debates would take place behind closed doors. A rule change to open the debate would require 67 votes. After the deliberations, the Senate will vote on each article.

Senator Tom Daschle of South Dakota, the minority leader, called for a vote on censuring Mr. Clinton to take place this week, immediately after votes on the articles. "We're trying to make a historic statement of record," he said Monday.

The failure of either article to secure a simple majority would represent a stinging loss of face to the House Republicans, who have been immersed in the case since the independent counsel, Kenneth Starr, delivered 36 cartons of transcripts and evidence to Congress in September.

All but two of the 45 Democrats appear certain to vote to acquit Mr. Clinton on both counts, enough to block his conviction. Still undecided is Senator Russ Feingold of Wisconsin, who was the only Democrat to vote against an earlier Democratic motion to dismiss the charges, and Senator Robert Byrd of West Virginia.

Mr. Byrd said in a weekend interview that Mr. Clinton appeared guilty of "high crimes and misdemeanors," the constitutional standard for impeachment, but that the country might be better served by letting him finish out his two years in office.

The prospect emerged, uncertain but readily imaginable, that Mr. Clinton would escape the trial not only with acquittal but without even being censured for conduct that nearly every senator has condemned as reprehensible.

While a majority of senators seem to favor some form of censure, disagreements over its form, timing and constitutionality appear to be substantial.

While some Republicans have joined in bipartisan efforts to draft a censure proposal, their leaders have shown no interest. Senator Trent Lott, the majority leader, has called it "premature and inappropriate" to discuss censure now.

Senator Phil Gramm of Texas said Sunday that censure was not constitutional, and added that he was prepared to offer a series of amendments to block a censure. Other Republicans have threatened a filibuster.

The censure movement faces daunting challenges: Language weak enough to draw broad Democratic support is disdained by many Republicans; language strong enough to draw Republican backing raises Democratic hackles; some members of both parties consider censure unconstitutional; there is disagreement, too, about whether censure should come from both houses of Congress, and whether Mr. Clinton should have to sign it.

Mr. Daschle said Monday that he wanted a debate on censure by Friday, before the Senate adjourns for a week's recess. But he conceded that "Democrats, I don't think, will be united on censure." He indicated that perhaps 5 of the 45 Democrats want to end the process with the votes on articles of impeachment.

## Drop Term-Limit Pledges, Republicans Are Urged

By Katharine Q. Seelye  
New York Times Service

WASHINGTON — The Republicans, desperate to save their slim congressional majority in the elections next year, are urging House Republicans who have promised to limit their terms to go back on their pledges and seek re-election in 2000.

There are nine House Republicans who pledged that the 1998 election would be their last. Six of those are expected to retire. Republican leaders, who never supported term limits, want the other three to run, on the well-founded theory that incumbents tend to win — though that theory could be sorely tested in the case of a candidate who has broken such a high-profile promise.

The three are Representatives Tillie Fowler of Florida, Scott McInnis of Colorado and George Nethercutt Jr. of Washington.

"We're going to encourage them to back out of their pledge," said a top Republican aide who spoke on the condition of anonymity.

The Republicans also will continue trying to persuade some Democrats to switch parties. An initial sweep of a handful of potential defectors failed to win any over.

Republicans also are trying to line up Democratic support for their showcase

bills so that they will be able to impress voters next year with a list of legislative accomplishments. The lack of an agenda, as well as their preoccupation with impeaching President Bill Clinton, cost Republicans dearly at the polls last November.

All of these measures demonstrate how fierce the fight for control of the House is going to be. Republicans won control of the House in 1994 but have lost seats in both of the elections since then. They now hold one of the slimmest majorities in modern times, 222 seats to 211 for the Democrats, with one independent and one vacant seat.

Adding to the Republicans' woes is the prospect that they may suffer a heavy round of retirements before the next election. When they took power in 1994, Republicans limited their committee chairmanships to three terms. When those members lose their chairmanships, many may decide to retire from Congress.

Some, such as Representative Bill Archer of Texas, chairman of the Ways and Means Committee, already have announced their retirements. Others, including Representatives Benjamin Gilman of New York, chairman of the International Relations Committee, and Jim Leach of Iowa, chairman of the Banking Committee, could follow suit.

"If they decide to go, that's where we start to get in trouble," a Republican House strategist said. "We will need a few of their guys in the South to retire," he said, referring to Democrats who represent conservative Southern districts.

Only one Democrat, Representative Martin Meehan of Massachusetts, pledged not to run again in 2000, and he is considering changing his mind about that pledge, too.

Mr. Meehan recently said that "arbitrarily" limiting his terms had been a mistake. Democratic aides said there had been no effort by party leaders to persuade Mr. Meehan to break his pledge, and he said that he had not made a final decision.

Of the three Republicans, Mr. McInnis most clearly has indicated that he will run again. He has said that he did not realize that members of Congress gained power through seniority.

Mr. Nethercutt deplored Tom Foley, the former speaker of the House, largely on the strength of his advocacy of term limits. He says he now understands that the issues Congress handles are so complex that six years "is probably not enough."

Mr. Nethercutt has not made a final decision, nor has Mr. Fowler. She glided to re-election last year with no Democratic challenger and recently was elected to a leadership post within the Republican conference.

Although Congress has resisted term limits and courts have ruled that states cannot impose limits on federal lawmakers, many candidates are limiting themselves. Five Republicans have pledged not to seek re-election in 2002, and 32 members — 24 Republicans and eight Democrats — have pledged not to run in 2004.

Some candidates who have broken such pledges in the past, such as Alfonso D'Amato, the former Republican senator from New York, have lost their re-election bids. But others have won, such as Representative Bill Goodling, Republican of Pennsylvania.

As long as one party controls the House by just a handful of votes, members who have promised to limit their terms probably will become the target of nervous leaders who want them to stay.

"People think term limits are a good idea," said Mark Mellman, a Democratic pollster. "But as an issue, it doesn't have the juice. It's not as compelling as it was."

## POLITICAL NOTES

## Media Ponder Life In Post-Lewinsky Era

WASHINGTON — The Monica-mad media are ready to move on. First, of course, there are closing arguments, an impeachment verdict, the Barbara Walters interview, the Monica book and lots of chatter about What It All Means.

But after a year of Lewinsky mania that seemed to reduce everything else to a blur, journalists are reluctantly recognizing that the gravy train is running out of steam.

Now that we have finally seen her videotaped visage, what will the post-Lewinsky media world look like? The parade of cable shows, from "Hardball" to "Hockenberry," will need a new topic. MSNBC will need a new identity. Jay Leno will need a new target.

But what about the traditional media, the "respectable" newspapers who never descended to talk of things and figures until a constitutional crisis forced them, surely holding their noses, to enlighten the masses? Will they be content to return to the debate over Social Security reform and patients' rights?

Ken Auletta, media critic for the New Yorker, puts it this way: "The people who sign our checks will want to have more juicy stuff because it's good for circulation." He added, "The press feels vindicated, that what we reported was accurate; Clinton lied. The press is emboldened to continue to be character cops, to assume that 'they all do it,' that politicians are goniffs, liars. I don't think that's a healthy attitude."

The first sign of this no-holds-barred mentality surfaced last week, when potential presidential candidates were interviewed by New Hampshire's WMUR-TV and CNN. Governor George Bush of Texas was asked by WMUR: "Have you ever used drugs? Marijuana? Cocaine?" Mr. Bush replied: "I'm not going to talk about what I did as a child," calling it "irrelevant."

Senator John McCain, Republican of Arizona, who has acknowledged an extramarital affair, was asked about that period. Mr. McCain said: "I am responsible for the breakup of my first marriage. I will not discuss or talk about that any more than that."

And it's a year before the New Hampshire primary. (WPT)

## Welfare Funds Pile Up

WASHINGTON — Billions of dollars in federal welfare money is piling up in the Treasury, unused by state officials, who won control of the money in 1996 by arguing that they knew best how to spend it for the benefit of poor people.

More than half the states failed to use the full amounts of their federal welfare grants last year, officials say. Government data show states had not used \$3 billion out of \$12 billion made available in the first nine months of last year.

State officials said the number of people on welfare had dropped much faster than they expected, making it difficult for them to use all the funds they were entitled to.

In addition, some states are saving money for use in a recession. States can allow money to accumulate, and draw it when their needs increase. (NYT)



IN A SPOT — Surveyors using a global-positioning satellite system to pinpoint the location of the New Carissa and help refloating efforts. The freighter ran aground near Coos Bay, Oregon, on Thursday.

## Away From Politics

• High blood pressure can be lowered significantly by a healthy diet, without hypertension medication, particularly among black people, according to a study published in the Archives of Internal Medicine. Researchers studied the effects of three diets on 459 adults with normal-but-high to high blood pressure. (AP)

• A spacecraft named Stardust rocketed away from Cape Canaveral, Florida, on a 3 billion-mile quest to bring back comet dust. A last-minute radar problem had delayed by one day NASA's launch of Stardust on its seven-year comet-chasing journey. (AP)

• The father of the seven surviving Texas octuplets received two years probation after pleading no contest to charges he struck his mother-in-law in a domestic dispute. Iyke Louis Udobi, 41, told the judge he had apologized to Janet Chukwu, whom he hit over the head with a chair in their Houston home. (Reuters)

• A glutted gasoline market has driven prices down nearly a penny per gallon as retailers scramble for customers, an industry analyst said. The average price, including all grades and taxes, was \$1.0141 per gallon last week, down .94 cents from two weeks earlier. (AP)

## Outfoxing Pursuers, Bin Laden Gains Hero Status

By Tim Weiner  
New York Times Service

Six months after the deadly bombings of two American embassies in Africa, the counterattacks against the man suspected of being the mastermind, Osama bin Laden, has failed to weaken his ability to strike again but succeeded in making him a hero in the Islamic world, senior U.S. and foreign officials say.

Mr. bin Laden's most potent political weapon, his violent oratory condemning the American presence in the Gulf, is winning sympathy and support from North Africa to South Asia, U.S. officials say. That poses a growing threat to American personnel and policies abroad.

"This is a political movement," said a top American counterterrorism official. "We have to have a political and diplomatic strategy to attack him without antagonizing him." But Washington lacks one, the official said.

The United States has aimed cruise missiles, covert operations and criminal investigations against Mr. bin Laden. It has arrested men believed to be his political associates. It has thwarted two of his plans to attack more American embassies, U.S. officials say.

But U.S. strategists to block his access to bank accounts, cut his connections to terrorist cells and sever his links

to political supporters have not succeeded. Secure in his redoubts in Afghanistan, Mr. bin Laden could strike "at any time" against symbols of American power, George Tenet, the CIA director, recently told Congress.

The sense that Mr. bin Laden has strong political support even among American allies abroad is shared within

continuing to press foreign governments to arrest suspected supporters and associates of his. Secret arrests and unpublicized detentions of several suspects took place three weeks ago, officials said. But the arrests do not always stick. Seven people detained in England and Albania at the behest of the United States have been quietly released for lack of evidence.

## A poster of Osama bin Laden hanging in Pakistan's oldest and largest religious school calls him a holy warrior.

in recent weeks, officials said. Senior American officials have argued fiercely about strategies against Mr. bin Laden. "Wanted" posters went out last month, with blood-red type reading: "This is not politics. This is MURDER."

But now a different picture is gaining force in the Islamic world. A poster of Mr. bin Laden hangs in Pakistan's oldest and largest religious school, on the old silk route to Afghanistan. He is smiling, holding an automatic rifle. The poster calls him a holy warrior.

"Osama is a hero," said Sami ul Haq, a leading Islamic politician who runs the religious school. "Every young man here wants to be like him." He said he was sending hundreds of his graduates to support Mr. bin Laden's allies in Afghanistan.

Administration officials say they are

relying on Pakistan, the country the United States is relying on the most to help bring Mr. bin Laden to justice. "When bin Laden speaks, he is reflecting the aspirations of the people," said Nasseerullah Babar, a retired general who recently served as Pakistan's interior minister.

U.S. counterterrorism officials ruefully agree that Mr. bin Laden's oratory also rings true in Saudi Arabia. His attacks on the royal family's repression and corruption are factually similar to State Department human rights reports and CIA economic analyses. But they differ sharply in blaming the United States for shoring up the House of Saud by stationing troops in the Arabian Peninsula.

Some officials say the United States does not yet know its enemy well enough to defeat him. The picture of Mr. bin Laden presented by the United States has been blurred by conflicting statements at the highest levels of the government.

On Aug. 20, when the United States destroyed a pharmaceutical plant in Sudan with cruise missiles, President Bill Clinton's most senior national security aides said it was a secret chemical weapons factory financed by Mr. bin Laden. Those same officials later conceded that they had no definitive evidence of that.

The same day, Mr. Clinton gave a speech tying Mr. bin Laden to plots to kill the Pope and President Hosni Mubarak of Egypt. But those plots were carried out by people to whom Mr. bin Laden may have peripheral connections, if any, according to available evidence.

"He has been blown beyond all proportion," said Ghazi Salah el Din, the information minister of Sudan, where Mr. bin Laden lived from 1992 to 1996. "I know the guy, having met him. And he's not that mighty. He's being pumped up. I can understand that in the context of trying to personify terrorism. But the United States has created a hero out of him."

American law enforcement, intelligence and national security officials are divided on some fundamental issues. For example, they disagree whether, as a federal indictment charges, Mr. bin Laden and his adherents helped train and arm the men who killed 18 American soldiers in Somalia in 1993.

Mary Jo White, the U.S. attorney in Manhattan, said: "We are confident in the allegation." But senior officials, including some who served in Somalia, say they doubt the charge, which Mr. Clinton made hours after the cruise missile attacks.

## RETAIL: Spread of Cyberspace Stores Is Putting Big Pressure on Traditional Sellers

Continued from Page 1

the changing relationships are starting to affect selection and price.

"This is a once-in-a-lifetime opportunity for wholesalers and manufacturers to decide whether they are the true merchants in the game — if they want to take charge of selling the products directly to consumers," said Kenneth Seiff, chief executive of Bluefly Inc., an Internet retailer.

For manufacturers, the Internet presents a dilemma: Should they try to take advantage of the global computer network and sell directly to consumers, even if it alienates their sales forces and the stores that sell their products? Or should they support retailers who are struggling to develop the complicated technology behind Internet storefronts?

Perhaps the most telling illustration of this power struggle features the jeans maker Levi Strauss & Co., which decided it wanted to conquer cyberspace itself, at least for now. It banned all

retailers from selling its Dockers and Levi's brands on the Internet, then began selling at its own cyberstore a much wider selection of Levi's than are available at department stores. Even J.C. Penney Co., the No. 1 seller of Levi's jeans, was forced to pull the manufacturer's goods off its Web site.

"When we were looking to expand our Web site, that's when the communication came down," said Stephanie Brown, a spokeswoman for J.C. Penney. "It was like, 'Hold up, wait a minute, Levi's doesn't want us to sell it on-line.'"

Levi Strauss and other manufacturers said it was crucial for them to control the images of their brands on-line. Off-line, manufacturers have discovered that they can better control their brand image and selection by operating their own stores. Retailers, meanwhile, have determined that their private labels are more profitable. As a result, the lines between manufacturers and retailers have been blurring for years.

J.C. Penney, for example, has been

aggressive in marketing its Arizona jeans not only at its department stores, but at a separate Internet site. Bloomingdale's, Macy's and Hecht's also have their own brands.

While Estee Lauder Cos., one of the world's largest cosmetics companies, has ventured into direct Web sales with its Clinique line, it remains to be seen how widely its cosmetics and those of competitors will be distributed on-line.

Peter Neupert, who left Microsoft Corp. last year to start the on-line pharmacy Drugstore.com, said it had been tough convincing makers of fragrances and cosmetics that their wares will be well displayed in a Web superstore they do not own.

"One of our challenges is to convince the prestige folks that people will buy on-line, that convenience really matters, that we can create stores within the store to allow them to maintain their brand image," he said.

Some of the most visible conflicts have surfaced in the computer industry, where

Dell Computer Corp. and Gateway Inc. have championed Internet sales, goading Compaq, which has a huge sales force and retail network to worry about, into doing the same. The president of Gateway, Jeffrey Weitzman, said the direct-sales movement that has transformed his industry soon will roll through all sectors of the retail economy.

"There is no doubt in my mind that industry after industry will go through this," he said. "I do believe everyone is going to have to go direct with their customers."

Still, some manufacturers have decided they are not ready to sell on-line. Tableware maker Oneida Ltd., for example, said it may have dared to open outlet stores, but has no intention of competing with its customers — the department stores.

Some manufacturers worry that low-cost Internet operations will undercut traditional store sales. At least for now, most manufacturers that have ventured on-line are selling at or near retail price.



## ASIA/PACIFIC

# China Agrees to Allow Disney Show to Go On

By Michael Laris  
Washington Post Service

BEIJING — Ending a high-profile dispute between China's leaders and the corporate parent of Mickey Mouse, the authorities in Beijing have rescinded their ban on films produced by the Walt Disney Co. and will show "Mulan," based on a Chinese fable, in more than 100 cities beginning this month.

Sources close to Disney said the firm was also exploring plans to build a Disney theme park in southern China, contrary to speculation that Disney was considering Shanghai as a site.

Disney was locked out of the Chinese entertainment market after government officials in 1996 criticized the company's release of a film sympathetic to the Dalai Lama, the exiled spiritual leader of Tibet. Disney cited the artistic freedom of director Martin Scorsese in its decision to stand behind the film, "Kundun."

To get back in the government's good graces, Disney launched an aggressive damage-control effort that culminated with meetings in Beijing in October with senior Chinese leaders. Disney also bought the U.S. distribution rights to two Chinese films, one from a company run by Beijing film officials, and sponsored an acrobatic troupe in Europe.

"In Chinese law, if you own up to your mistakes, your sentence gets reduced," said a film industry source in Beijing. "You have to confess. I think that's what Disney did."

Getting "Mulan" into Chinese theaters was seen as an essential part of Disney's business plan for this nation of 1.3 billion, with a growing middle class and eager young customers. The film, about a courageous heroine who disguises herself as a man and secretly takes her ailing father's place in battle against the invading Huns, is based on a 1,500-year-old Chinese legend, and the story is as familiar in China as Cinderella or Snow White in the United States. "Mulan" has earned \$299 million in ticket sales worldwide, mostly from moviegoers who had never heard of the story.

In a letter to Disney's shareholders dated Dec. 8, the company's chairman, Michael Eisner, described seeing the golden arches of McDonald's everywhere he went in China and said Chinese citizens appeared hungry for American cultural imports.

He said the company "could be getting close to the time for a major Disney attraction" in China. Sources close to Disney said the southern Chinese cities of Zhuhai, Shenzhen and the island province of Hainan were under consideration for the theme park.

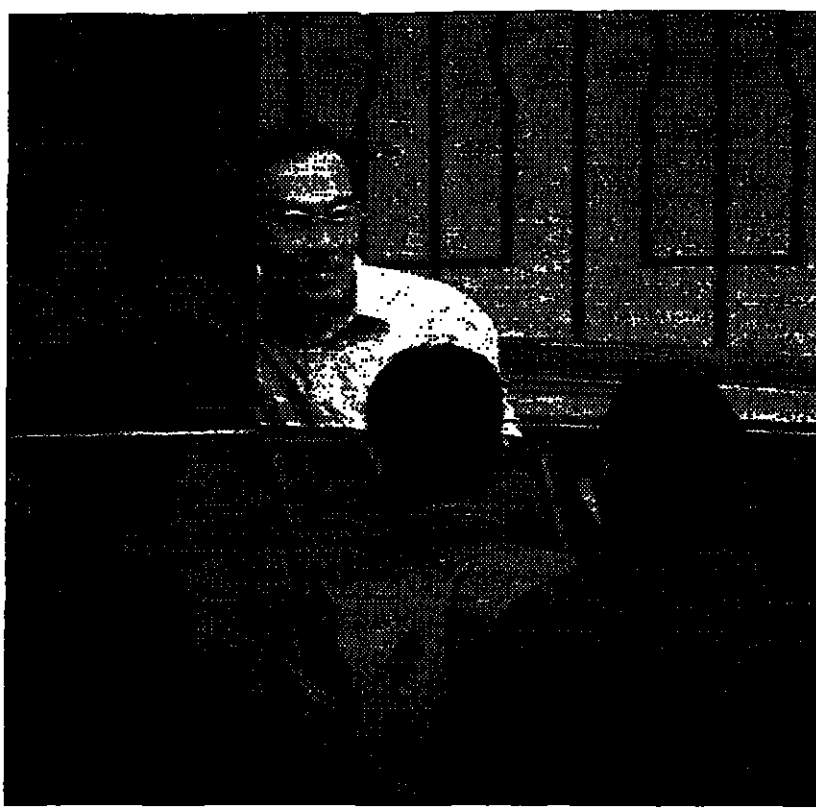
In an effort to promote homegrown films even while it is admitting "Mulan," China Film, the state-owned enterprise that has the monopoly on importing and distributing foreign films, decided unilaterally that "Mulan" would be screened in China beginning Feb. 23, two days after the week-long nationwide holiday for the Lunar New Year, according to Jin Zhongqiang, an official at China Film. During the peak holiday season, theaters can show only Chinese-made films, Mr. Jin said.

"This year, our main energies will be concentrated on distributing domestic films because it is the 50th anniversary of China's founding," he said.

John Dreyer, a Disney spokesman, said the company's recent acquisition of two Chinese films was part of its long-standing effort to find and release foreign movies and show them in the United States.

"We buy films from other countries all the time for our distribution," he said, citing "Life Is Beautiful," an Italian tragicomedy about Italy's Fascist past that has been nominated for an Academy Award.

"A Time to Remember," one of the two Chinese films Disney purchased, was made by the Forbidden City Film Co., which is run by film officials in Beijing and has close ties to propaganda officials. The love story set during the Communist revolution is a heavily-handed melodrama meant to stir Chinese patriotism and faith in the Communist Party.



Mr. Ibrahim arriving Monday at High Court in Kuala Lumpur.

## ANWAR: He Takes Stand in His Defense

Continued from Page 1

nalists, diplomats and members of human rights organizations. If Mr. Anwar seemed to be playing to the gallery, political analysts here said that reflected how this trial had become as much a political battle as a criminal case.

Mr. Mahathir dismissed Mr. Anwar in September after the two feuded over Malaysia's economic policy. After removing his protégé, Mr. Mahathir imposed strict controls on the country's currency and foreign investment, which effectively cut it off from the global economy.

Mr. Anwar's ouster galvanized people, who took to the streets calling for Mr. Mahathir to resign. Vice President Al Gore drew global attention to the unrest in a speech at an economic summit meeting in Kuala Lumpur in November, when he praised the protesters and chided Malaysia for suppressing political freedom.

The political nature of the trial was underscored Monday when Malaysia's attorney general turned up unexpectedly to lead the prosecution team. The official, Mohd Abdullah, had not appeared during the prosecution phase of trial because he was named by the de-

fense as a potential witness. But after Mr. Anwar's lawyers did not call him, he promptly took charge.

Mr. Mohd wasted no time in scoring a political point against Mr. Anwar. When Mr. Anwar began answering questions in English, he said, "May I just note that the champion of Bahasa is electing to speak in English." Bahasa Malaysia is the formal name of the Malay language.

Mr. Anwar came to prominence as a Muslim student leader who pressed for his country to cast off its British colonial roots, in part by using its native language. But most of Mr. Anwar's lawyers were trained in Britain and they are more comfortable speaking English.

Despite desultory efforts to control the trial in Malay, the judge and the defense attorneys typically lapse into English.

For the most part, though, Mr. Anwar was on the offensive. As head of a cabinet committee on government management, Mr. Anwar testified that he had heard lots of incriminating details about high-level officials. He implied that those officials would have ample reason to engineer his ouster.

Mr. Anwar also set out to rebut accusations that he interfered in an investigation of his alleged sexual affairs. The prosecution claimed that he had misused his power to force his former driver, Azizah Abu Bakar, to retract an affidavit stating he had been seduced by his boss. But Mr. Anwar, after Mr. Azizah recanted on his own, and later begged for forgiveness.

Judge Augustine Paul dealt Mr. Anwar a setback two weeks ago when he approved a motion to amend the corruption charges so that the government does not have to prove Mr. Anwar had illicit sex. That means Mr. Anwar's lawyers cannot contest the sexual evidence laid out earlier in the trial. As a result, they say they cannot clear their client's reputation.

Outside the High Court, about 300 supporters of Mr. Anwar unfurled a banner that declared: "The People's Verdict: Anwar Not Guilty." Yet, milling around afterward, many seemed resigned to the outcome of the trial. "Either way, Anwar will go to jail," said Mohd Nadiman, a 29-year-old office worker. "But the longer the trial runs, the more the conspiracy is obvious to people."

## Japanese Arrested on China Export Charges

By Stephanie Strom  
New York Times Service

TOKYO — The police arrested a former executive of a precision instrument manufacturer over the weekend and charged him with breaking laws prohibiting the sale of certain types of equipment that could be used in the development of nuclear weapons to Communist countries.

Isao Sasaki, who retired last year from his job as senior managing director at Ryokosha K.K., an affiliate of the electronics giant Hitachi Ltd., was arrested on Saturday for selling telecommunications to China by way of South Korea. Telecommunications are measuring devices used in precision engineering.

The company also sent employees to install equipment and train workers at a

plant in Harbin, China, in 1997 without obtaining approvals from the International Trade and Industry Ministry, which administers the Foreign Exchange and Foreign Trade Law governing the export of tools and machinery that could be used to make nuclear weapons.

The Japanese press is reporting that the police are pursuing similar charges against Hitachi Electronics Ltd., another Hitachi affiliate, which manufactured the instruments using Ryokosha's designs.

Teruhito Koizumi, a Ryokosha spokesman, said the company had known that machines it sold to a South Korean agent were destined to be incorporated in a larger project that was headed for China. But he said the agent, whom Ryokosha has declined to name, assured Ryokosha that he would make the applications for permission to export

the telecommunications to China.

"It was a mistake regarding export procedures," Mr. Koizumi said. Another Ryokosha spokesman, Kazushige Kamiyama, went on to say that the company had realized its mistake and tried to get the South Korean agent to give it time to make the appropriate requests for permission to export the machines but "he did not accept our requests and explanations."

Mr. Kamiyama said the company had dispatched personnel to give only the most basic instruction on the equipment, thinking that such minimal level of disclosure fell outside the parameters established under the law. He said the company now realized its interpretation of the law was wrong.

Hitachi Electronics could not be reached for comment.

## A King Is Buried / A Day of Tributes and Mourning

### Yeltsin Goes to the Funeral But Flies Back Home Quickly

Compiled by Our Staff From Dispatches

AMMAN, Jordan — The ailing Russian president, Boris Yeltsin, cut short a visit to Jordan for King Hussein's funeral Monday and received unspecified medical aid before flying back to Russia, Jordanian officials said.

Mr. Yeltsin spent only about two and a half hours on the ground before departing abruptly from a palace ceremony to pay last respects.

As other world dignitaries were filing past King Hussein's coffin, Mr. Yeltsin emerged, walking stiffly, got into his car and was driven away.

Mr. Yeltsin held brief talks with several leaders, including President Bill Clinton of the United States and President Jacques Chirac of France, before departing.

A Kremlin spokesman said Mr. Yeltsin and Mr. Chirac had discussed the diplomatic effort under way in France to bring peace to the troubled Serbian province of Kosovo.

Russia is a member of the six-nation Contact Group on the former Yugoslavia, which is trying to oversee a peace agreement between Serbs and ethnic Albanians.

Mr. Yeltsin also discussed with Mr. Chirac his planned state visit to France, which was postponed last month because of the Russian leader's latest round of illness. No new date has yet been set.

Mr. Yeltsin's conversation with Mr. Clinton focused on planned talks between the Russian prime minister, Yevgeni Primakov, and Vice President Al Gore in March, the Interfax news agency said.

Jordanian Foreign Ministry officials, speaking on condition of anonymity, said the Russian leader had been given some form of medical treatment, but they did not disclose its nature. Mr. Yeltsin then was driven to the airport, and his plane took off for Moscow.

Mr. Yeltsin, 68, who is recuperating from an ulcer and has been ill several times in recent months, was accompanied on the trip by his wife, Naina, Foreign Minister Igor Ivanov and a number of aides, the president's press service said.

Arriving at the Amman airport, the Russian leader moved haltingly down the steps from the plane, his face puffy. But he walked unassisted. (AP, Reuters)



President Clinton, right, standing with former Presidents Bush, Carter and Ford, from left, at Hussein's coffin.

## JORDAN: Clinton Weeps for a 2d Mideast Friend, a Mentor and Ally Whose Influence Surpassed His Kingdom

Continued from Page 1

into Gadhafi or anyone who's representing Iraq," the official said, referring to Colonel Muammar Gadhafi of Libya.

King Hussein's close bond with Mr. Clinton arose in part from bilateral interests that have usually coincided since an April day in 1957 when the king asked Washington to help ward off a military coup attempt backed by Egypt and Syria. Robert Saloff, a Middle East expert, recalled that President Dwight Eisenhower, "made the fastest-ever U.S. decision on foreign aid" the next day, and his press secretary issued a statement describing Jordan as "a vital interest of the United States."

In the Black September of 1970, when Syrian armor crossed into Jordan during the Palestine Liberation Organization's civil war against the king, the United States dispatched an aircraft carrier and Israel mobilized on the Golan Heights. That combination turned back the Syrian thrust and allowed King Hussein to crush Yasser Arafat's irregular troops.

King Hussein's decision to back Iraq's 1990 invasion of Kuwait damaged Jordan's ties with President George Bush, who had known the king for decades and felt betrayed.

As Mr. Clinton came to office, King Hussein was looking for a second chance.

"Jordan must survive and endure," the king told an Arabic daily in the early days of Mr. Clinton's first term. "Unfortunately, Jordan has no support behind it except God Almighty. No great powers, and it does not even have the support it needs in the region."

The Clinton administration inclined to change that, for reasons of geography and demography.

"Jordan is a weak buffer state wedged between three of the region's powers: Iraq, Syria and Israel," said one U.S. policymaker traveling with Mr. Clinton. "Instability in Jordan can therefore create problems and opportunities. Demographically Jordan has a Palestinian majority, and its fate is therefore inextricably linked with the Arab-Israeli

peace process."

By October 1994, a year after the first accord between Mr. Arafat and Mr. Rabin, King Hussein defied Mr. Assad and other Arab leaders by signing a peace pact with Israel. It was Israel's first warm peace with an Arab state, "born with a kiss" as the columnist Nahum Barnea put it then.

Mr. Clinton celebrated at King Hussein's seaside palace in Aqaba, and the same day he praised Jordan's "signal to the entire Arab world" in the first address by a U.S. president to Jordan's Parliament.

Though he backed Mr. Netanyahu tacitly in Israel's 1996 election, King Hussein soon joined Mr. Clinton in outrage at the new prime minister's hard line. The two leaders often communicated by telephone, and after serious Israeli-Palestinian violence in September 1996, King Hussein erupted in calculated fury at Mr. Netanyahu at a Washington summit meeting. The Clinton administration made sure to leak an account to the press.

"The ascendancy of Mr. Netanyahu to power in Israel drove the king and Mr. Clinton together," Raddwan Abdallah, a Jordanian political scientist, said in an interview Monday. "They had a common enemy, so to speak, who was spoiling their plan and a constant irritation."

By January 1997, with the two sides on the brink of their first deal under Mr. Netanyahu, King Hussein swooped in on his helicopter to give Mr. Arafat political cover for the last required compromise.

An emotional and flamboyant man, King Hussein liked to use drama for effect. Frustrated again with Mr. Netanyahu in March 1997 after the Israeli government began building a controversial new Jewish neighborhood on expropriated land in East Jerusalem, King Hussein sent — and leaked — a letter of extraordinary anguish.

Warning Mr. Netanyahu of "an abyss of bloodshed and disaster," he wrote: "I sense an intent to destroy all I worked to build between our peoples and states."

Less than a week later, the same king pulled a stunning reversal of tone. When

a Jordanian soldier went berserk and killed seven young Israeli girls, a monarch who counted himself the 42d direct descendant of the Prophet Mohammed flew to Israel and knelt down on his knees to apologize.

"I looked in his face and I saw that he was ashamed, and he had tears in his eyes," said an accountant named Miri Meiri, whose 13-year-old daughter Yaela was among the dead. "I'm not a young girl anymore. I can see the truth in people's eyes."

To help save October's Wye summit talks, King Hussein interrupted the battle for his life against non-Hodgkins lymphoma at Mayo Clinic in Minnesota. Yoel Singer, a former chief Israeli negotiator, said of King Hussein's role with Mr. Netanyahu and Mr. Arafat: "Someone needs to stand behind them and give them a kick in the pants to overcome this fear of jumping."

"He said this agreement is not just for you but for your children and children's children, and he called upon both sides to make the final push," recalled Marwan Musharraf, Jordan's U.S. ambassador, who witnessed the speech.

Bald and gaunt with chemotherapy, King Hussein managed to hold himself erect through the Oct. 23 White House signing ceremony the following day. As he had done several times before, he positioned himself as a human buffer between the grim-faced principals, Mr. Arafat and Mr. Netanyahu.

There is no ready substitute for King Hussein's experience and persona, for Jordan or for Mr. Clinton. "We had two pillars, the king and the former crown prince," said Mr. Abdallah, the political scientist, referring to King Hussein and his brother Hassan. "One specialized in foreign policy and security. The other specialized in economic development and the like. Suddenly the two pillars disappear together at the same time. We have a totally inexperienced — a political nonentity I call him."

When the motorcade was spotted, however, a cry went up, as people shouted and chanted and threw flowers to their king. As it passed, with the casket resting atop a trailer amid a colorful collection of trucks and wreaths and formally dressed guards, the crowd followed in its wake, creating an impromptu parade that shouted and sang for Hussein. "Malak Hussein habib Allah," they sang, "King Hussein is the love of God."

"I cannot eat or drink" out of sorrow for the king's death, said Jamal Masharrah, 30, a bank employee who awoke at dawn and drove early to Amman to make sure he was in time for the motorcade.

People waved black flags against the gray sky or tied black bands around their heads and arms. Throughout the city, shops and businesses and schools were shuttered tight. A young girl, her arms

outstretched, recited Arabic poetry. When the motorcade was spotted, however, a cry went up, as people shouted and chanted and threw flowers to their king. As it passed, with the casket resting atop a trailer amid a colorful collection of trucks and wreaths and formally dressed guards, the crowd followed in its wake, creating an impromptu parade that shouted and sang for Hussein. "Malak Hussein habib Allah," they sang, "King Hussein is the love of God."

## BRIEFLY

### Hong Kong Ruling Criticized in China

BEIJING — A top Chinese cabinet official criticized on Monday a Hong Kong court ruling that opens the way to mass immigration from the mainland, saying that it was wrong, dangerous and should be reversed.

"The decision of the Hong Kong court was a mistake and against the Basic Law," said Zhao Qizheng, director of the State Council Information Office. The Basic Law acts as Hong Kong's postcolonial constitution and was drafted in Beijing.

"This decision should be changed," Mr. Zhao said at a Lunar New Year reception. "It is a very serious matter."

It was the first official Chinese comment on a ruling last month by the Court of Final Appeal that gave illegitimate children of Hong Kong residents and children born before either of their parents became Hong Kong residents the right to live in the territory. (Reuters)

### Vote in East Timor A 'Face-Saver'

UNITED NATIONS, N.Y. — Indonesia and Portugal have agreed in principle to a vote, organized by the United Nations, in East Timor that could lead to independence, the foreign minister of Portugal has declared.

The vote, on whether to remain a part of Indonesia with wide-ranging autonomy, is expected to be held before August, according to the official, Jaime Gama.

If the Timorese, as expected, reject staying with Indonesia, Jakarta would give up the territory it annexed in 1976 and Portugal, the former colonial power, and the United Nations could usher in independence, he said.

"It is face-saving for everyone," Mr. Gama remarked Sunday. "Face-saving for Indonesia, face-saving for us, face-saving for the Timorese." (Reuters)

### A Singapore Critic Is Facing New Trial

SINGAPORE — An opposition activist, Chee Soon Juan, left a Singapore prison Monday after he served a seven-day sentence for speaking publicly without a police permit.

He faces another prison sentence if he is convicted in a second trial, which is to begin on Tuesday.

Prison life is harsh and demeaning, Mr. Chee said after his release. "It drains the body of energy and the mind of spirit."

But, he added, "If anything, it's made me more resolute and more determined to carry on fighting and to speak out and speak up for the people of Singapore."

The head of the 200-member Singapore Democratic Party, Mr. Chee, 36, is challenging the constitutionality of the Public Entertainments Act and the way it is used against opposition parties. (AP)

## HUSSEIN: King Is Buried in Amman as Allies and Enemies Alike Pay Their Respects

Continued from Page 1

guards fired a salute. Abdullah, who must now sustain his father's work, kept a stern face, though cousins around him wept.

It was a day that eschewed eulogies and other elaborate rituals for simpler Islamic traditions. But it was a day that was also long on emotional impact, and proved, if there was any doubt, the force of Hussein's personality in international circles, and the strength of the bond he created with his people.

Not only were Mr. Assad and Israeli leaders attending the same event for the first time, also present was the target of an unsuccessful Israeli assassination attempt ordered by Mr. Netanyahu last

year and carried out on the streets of Amman.

Security was tight, as Mr. Clinton and other leaders landed one by one at the Amman airport, many of them, like the U.S. president, planning to leave the same evening. Although no leaders spoke during the ceremonies, Mr. Clinton and the former U.S. presidents were to address U.S. Embassy employees at a dinner.

Mr. Clinton also planned to meet with King Abdullah, and he spent time mingling briefly with several other leaders, including Mr. Assad.

The motorcade route was lined end to end with soldiers, who tried to keep people on the sidewalks, partly as a security precaution and partly to protect

them from the speeding VIP limousines that rocked through town as dignitaries arrived. Overhead, three helicopters, choreographed to sit behind, atop, and in front of the motorcade, kept watch from the air. Still, that did not keep the passion of what Hussein called his "Jordanian family" from spilling over.

Along the route, there was an almost unearthly silence in advance of the motorcade's arrival. Men pulled scarves tight around their heads to protect against a winter chill; women held black mourning coats tight around their necks.

People waved black flags against the gray sky or tied black bands around their heads and arms. Throughout the city, shops and businesses and schools were shuttered tight. A young girl, her arms

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## BRIEFLY

### an Shuts Case and Murders

The United Nations Security Council has agreed to a resolution that calls for a ceasefire in the conflict between the government of Sierra Leone and the Revolutionary United Front (RUF). The resolution also calls for the disarmament of the RUF and the return of refugees to their homes. The Security Council is expected to vote on the resolution on Monday.

### Pilot Flew Too Fast

A pilot was charged with manslaughter after a small plane crashed into a field, killing two people. The pilot was flying at a speed of 100 miles per hour, which was well above the recommended speed for the aircraft. The pilot was charged with manslaughter and is facing a trial in court.

### Abolish Offer Daily Rejected

The United Nations Security Council has rejected a proposal to abolish the veto power of the five permanent members. The proposal was put forward by the United Kingdom, but it was rejected by a vote of 12 to 2. The veto power is a key feature of the Security Council and is used to prevent any action that might threaten the peace.

### Yakuza

The Yakuza, the Japanese organized crime syndicate, has been the subject of a new book. The book, titled 'The Yakuza: The World of the Japanese Mafia', is a comprehensive guide to the history and structure of the Yakuza. It is written by a former Yakuza member and is considered one of the most authoritative works on the subject.

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## EUROPE

## Poland's Doctors Feel They Are the Ailing Ones in Anemic Medical System

By Peter Finn  
Washington Post Service

**WARSAW** — At the Litwiska Street Hospital here, the chief anesthesiologist, Dr. Marcin Kawczak, is on duty nearly 24 hours a day, getting sleep whenever he can and earning little more than his colleagues.

The hospital's surgeons call him constantly, pleading that he schedule this or that patient. He refuses most of their entreaties, and he acknowledges that relations within the hospital are severely strained.

Officials of the anesthesiologists' union are also calling Dr. Kawczak and telling him to accept only true emergencies. He backs back at them, that, in some cases, he cannot handle even the emergencies.

The wear is showing on the drawn face of the 25-year-old doctor. "Soon, I will be in a straitjacket or have a heart attack, or both," said Dr. Kawczak, 31, as he sat in his office after open-heart surgery on a 10-month-old girl.

Since Jan. 1, as many as 1,800 of Poland's 7,000 anesthesiologists have quit work to protest base salaries as low as \$225 a month, according to

the Union of Anesthesiologists.

The protests, which have been held on and off for years, were touched off again by national health-care reform, which was introduced this year and will usher in elements of private managed care to a woefully inefficient socialized system untouched since the collapse of Communist rule 10 years ago.

But some physicians and other health-care workers argue that it is reform without reward and that they are saddled with standards of living that even under communism were pitiful and now, in the new capitalist Poland, are a joke.

Under the new system, hospitals and physicians would be subject to controls like those of a managed-care system, although patients are supposed to be free to choose their doctors. But no pay increases are planned to raise the Communist-era salaries.

"The sweeper at the Ministry of Health earns more than I do," said Dr. Przemyslaw Jakubowski, an anesthesiologist and a leading figure in the protests.

His monthly base salary as a professor of anesthesiology at a teaching hospital is, he said, \$225. He earns an additional \$250 each month by

taking extra 24-hour shifts and for on-call duty.

"It's bloody ridiculous, really," he said.

The anesthesiologists' protest may escalate, as an umbrella organization for about 70 percent of Poland's 600,000 health-care workers called last week for a general medical strike, beginning Feb. 19.

Nurses, despite the settlement of a strike they declared late last year, remain militant over salaries that rise to the equivalent of only \$130 a month.

Leszek Balcerowicz, a deputy prime minister who is also minister of finance, said the protests harmed patients and were therefore unethical by the physicians' own professional code.

He said government spending on health care would rise by 14 percent this year even as Poland's budget was likely to be squeezed by a slowing economy.

"Under no circumstances should we give in to such pressures," he said.

The government began talks Wednesday with the doctors' umbrella organization to try to prevent a general strike. But the anesthesiologists' protests show no sign of abating. In some regions of the country, particularly the southeast and

parts of the west, no anesthesiologists are working, and patients with life-threatening emergencies are taken elsewhere.

At the Litwiska Street Hospital, one of Poland's main facilities for children, the number of surgeries has dropped by 90 percent since Jan. 1. People don't even ask now if they can schedule, for example, the removal of a child's tonsils.

Eight of the hospital's 11 anesthesiologists have resigned, leaving Dr. Kawczak with a skeleton staff and tough decisions.

Until introduction of the new health care system, patients here had three payment options — public, private and "black." In the latter, bribes, gifts and favors are provided physicians and staff to obtain better treatment.

In the public system, the government paid the bills, spending about 4.5 percent of gross national product on health care.

The reform — funded by direct employee contributions to 16 new nonprofit insurance funds, one for each region — would spin off public hospitals and clinics into autonomous units, which would have to be managed like enterprises.

The better the service, the more patients, lead-

ing to more money from the insurance funds. Similarly, family doctors would receive a fixed annual fee from the insurance funds for each patient.

In Warsaw, for instance, the fee is set at about \$23 per patient per year, which is intended to pay for all visits, lab tests and X-rays.

The government is trying to promote health-care efficiency and an end to unnecessary hospital stays and treatment.

But, as with the debate on managed care in the United States, physicians here say the new system encourages them to avoid treatment, and the temptation to do so is all the greater, they say, because fees are so small.

About 25 percent of Poland's 120,000 physicians practice privately, and many are refusing to sign contracts with the new funds because of the fee structures, according to the National Chamber of Polish Physicians and Dentists.

Thus, the reform's principal selling point — a patient's freedom to choose any doctor — is in doubt.

Some doctors in private practice are thriving because well-to-do Poles are willing to pay for health services out of their own pockets.

## Serbs and Kosovars Get Nudge From Their Hosts To Speed Up Peace Talks

By Charles Truheart  
Washington Post Service

**PARIS** — Diplomatic screws on the Kosovo negotiations were gently tightened on Monday with an expression of caution from the French foreign minister, Hubert Vedrine, and word that the conference's other co-host, Robin Cook, the British foreign secretary, would return Tuesday.

Mr. Vedrine, after saying "I cannot be optimistic" about the outcome of the talks, joined the negotiators at a presidential chateau in Rambouillet, where the talks began on Saturday.

The two antagonists at the conference — the Yugoslav Federation and its Serbian Republic on one side, a medley of independence-minded Kosovo representatives on the other — continued to review less contentious elements of a draft peace plan for the Serbian

province.

Four other foreign ministers from the overseeing Contact Group, including Secretary of State Madeleine Albright, are expected in Rambouillet to assess the progress of the talks and, if necessary, to add pressure to close a peace deal by the end of next week.

Nearly 2,000 civilians have been killed and 50,000 displaced in a year-long struggle for self-government by Kosovars, more than 90 percent of whom are ethnic Albanians, a Muslim minority in predominantly Eastern Orthodox Yugoslavia.

At Rambouillet on Monday, the two sides, still meeting with intermediaries, went over proposed plans for Kosovo's new constitution, for elections to choose a representative assembly for 2 million Kosovars, and for an international "ombudsman" force to guarantee respect for the interim accord. Western sources inside the chateau said.

One participant said the talks were going in a "reasonable, rational atmosphere." "No one is rushing out of rooms," he said. "There are no contrived incidents."

A stipulated review of the agreement by three years allows the diplomats and negotiators to defer potentially contentious issues — notably, the whether and how of Kosovo's eventual independence — and still proclaim a success in Rambouillet.

The conference is supposed to last no more than two weeks.

In the coming days, sources said, negotiators will take up an increasingly contentious list of issues. One will cover how Yugoslav and Serbian army and police forces will be withdrawn from the province, and the provisional dismantling of the guerrilla Kosovo Liberation Army, whose representatives are among the delegates in Rambouillet.

The draft plan goes so far as to specify the size of the firearms the remaining federal forces and new Kosovo security forces will be allowed to use.

Reuters quoted an unnamed member of the Serbian delegation as declaring that the draft text was "horrifying for us because it would take Serbia out of Kosovo completely."

That is precisely what the Kosovar negotiators want.

Not yet under formal discussion, sources said, is a pivotal piece of the diplomatic puzzle — the deployment of at least 30,000 troops in a multinational force to maintain peace and security during the interim period.

The United States would contribute as many as 5,000 troops to a force dominated by European military contingents and commanded by a British NATO general — all operating under the supreme authority of General Wesley Clark, the American who is the NATO commander.

NATO's renewed January threat to carry out air strikes on Kosovo and Serbia influenced the negotiators' decision to attend the peace talks here.

Foreign ministers of all six Kosovo "contending" nations — the United States, France, Britain, Italy, Germany and Russia — are expected in Rambouillet this weekend, at the midpoint of the scheduled negotiating period.

On Monday, the Kosovo Albanians won a small tactical victory when their American advisers, initially barred by conference hosts, were allowed to visit them at the chateau. They included two former U.S. diplomats, Morton Abramowitz and Paul Williams.

The night before, they lost a maneuver when the three Western mediators — the American envoy Christopher Hill; an Austrian, Wolfgang Petritsch; and a Russian, Boris Mayorov — refused to entertain a Kosovo motion to call an immediate cease-fire in the province.

A cease-fire theoretically has been in place since the October accord between the U.S. negotiator Richard Holbrooke and President Slobodan Milosevic.

**Talks Resume on Bosnian City.**

Arbitrators began a new round of talks Monday on the status of Brcko, a disputed Bosnian city, with Bosnian Serbs and the Muslim-Croat Federation both pressing for a long-delayed decision. The Associated Press reported from Vienna.

U.S. mediators, Bosnian Serbs and leading members of the federation arrived Sunday for the conference at a Vienna hotel — the third round of talks on the explosive issue of Brcko in three years.



Defense Minister Rudolf Scharping, left, escorting the U.S. defense secretary, William Cohen, by guards at the Foreign Ministry in Bonn on Monday. They discussed Kosovo.

## INTERNATIONAL

## Mugabe Assails Press and Judges

He Appears to Support Zimbabwe Army's Torture of Reporters

By Donald G. McNeil Jr.  
New York Times Service

**JOHANNESBURG** — In an angry televised address, President Robert Mugabe of Zimbabwe pushed his country toward a constitutional crisis over the weekend.

The president suggested that the Supreme Court resign, threatened "very stern measures" against the independent press and appeared to support the army's decision to arrest and then apparently torture two journalists and to defy court orders that they be released.

He also suggested that the article that led to the arrests — which said that 23 army officers had been arrested for plotting a coup — had been planted by British agents. Although the two journalists for the Zimbabwe Standard who wrote the Jan. 10 article are black, he accused white journalists and human rights activists of plotting against him and warned that "they have pushed our sense of racial tolerance to the limit."

Meanwhile, the police arrested three more Zimbabwean journalists on Monday. The Associated Press reported from Harare.

Detectives took Grace Kwinjeh, a reporter with the independent weekly Zimbabwe Mirror, from the newspaper's offices, said the chief editor, Ibbotson. The detectives said they wanted to question her over an October report on the return of the bodies of Zimbabwean soldiers from Congo. Some 8,000 Zimbabwean troops are backing the Congolese president, Laurent Kabila.

Later, the Mirror's news editor, Fernando Goncalves, and Farai Mungazi, who worked on the paper when Miss Kwinjeh's article appeared, were also arrested.

["This is designed to intimidate the media from

doing its work," Mr. Mandaza said. "We are not afraid, and we will confront and resist this intimidation."]

In his televised address, which was shown on state television Saturday night and again Sunday morning, Mr. Mugabe was reacting to a letter sent to him on Jan. 25 by three Supreme Court justices. It asked that the president "confirm that the rule of law is accepted as a necessary ingredient of a democratic Zimbabwe."

It also asked that he confirm that the army had no power to arrest civilians and that the government would not tolerate torture, and to reassure the judiciary that the government would act in accordance with the constitution.

In his reply, a visibly angry Mr. Mugabe defended the army's actions, saying it had been horrified by the article.

"Propelled by the unquestionable loyalty and commitment to the defense and security of the state, they wanted to establish the source of the falsehood and so they proceeded in the manner they did," Mr. Mugabe said, according to an Agence France-Press account of the speech.

The two journalists, Ray Choto and Mark Chevachandala, said they were tortured with electric shocks applied to their genitals by intelligence officers demanding the names of their sources. The Defense Ministry dismissed them as liars, but a doctor who examined them said they had been tortured.

"If The Standard had not behaved in such a blatantly dishonest and unethical manner, the army would not have acted the way they did," Mr. Mugabe said. He accused the judges of "an outrageous and deliberate act of impudence," and said that since they were meddling in politics, they should "quit the bench and join the political forum."

## Sierra Leone President to Talk to Rebels

**FREETOWN, Sierra Leone** — Sierra Leone's embattled president has announced a dramatic policy change, agreeing to talk to the rebels who unleashed a reign of terror to try to topple him.

President Ahmad Tejan Kabbah said in a broadcast Sunday night that he would allow Foday Sankoh, the detained leader of the Revolutionary United Front, to travel for talks with his guerrilla chiefs on a new peace plan.

But Mr. Kabbah said any talks with rebels must be held under the framework of a 1996 accord he signed with Mr. Sankoh in Abidjan, Ivory Coast, on ending civil war in the West African country.

"The rebels must recognize the legitimacy of my government," Mr. Kabbah said, referring to the central provision of that accord.

The rebels also must halt all armed attacks on civilians and present no preconditions for talks, Mr. Kabbah added.

Other key points in the Abidjan accord call for recognition of the Revolutionary United Front as a political party, amnesty for its guerrillas and their integration into Sierra Leone society once they have been disarmed and demobilized.

"I have agreed to allow Corporal Foday Sankoh

to have a face-to-face meeting with other members of the RUF at a suitable venue to be determined," Mr. Kabbah said.

Corporal Sankoh is in the custody of the Nigerian-led West African intervention force, Ecomog, which is defending Mr. Kabbah's government against rebels who ousted the elected president for 10 months in 1997.

The rebel leader was sentenced to death last year in connection with the 1997 coup and atrocities blamed on the military junta that supplanted Mr. Kabbah's government in that year.

Sierra Leone's civil war, which dates to 1991, intensified late last year when the RUF and renegade soldiers launched an offensive in a bid to free Mr. Sankoh.

They stormed Freetown on Jan. 6, catching Ecomog forces by surprise.

Hospital sources and aid workers say at least 3,000 people died in two weeks of mayhem when rebels went on a killing and burning campaign in Freetown.

Mr. Kabbah offered to free Mr. Sankoh at the height of the latest fighting but later hardened his policy toward rebels as Ecomog appeared to rethink the initiative in the fighting.

## GERMANY: Coalition's Loss

Continued from Page 1

of foreign investments of Germany's 16 states.

But many Germans, in Hesse and elsewhere, have become alarmed by the growing influx of foreigners who have slowly transformed the identity of the country. Germany now plays host to more foreigners than any other country in Europe; in some cities, such as the financial capital Frankfurt, foreigners now account for up to one-third of the population.

The Christian Democrats effectively played on those fears by insisting the dual citizenship law would provide unfair advantages to the foreign population and encourage a further wave of immigrants by attracting the extended families of Turks and other foreign workers who settled here.

"It was completely irresponsible, the way the conservatives manipulated the voters on the citizenship reform issue with their campaign of fear," said Ottmar Schreiner, the party manager of the Social Democrats.

"We underestimated how far they would go to agitate the people."

Mr. Schreiner said the Christian Democrats were fanning xenophobic sentiments by pushing a petition drive that was endorsed by rightist extremist parties that are connected to neo-Nazi movements.

Gunda Roessel, a leader of the Greens party, which suffered a 4 percent drop in support in Hesse, charged the Christian Democrats with waging "a highly immoral campaign" and warned that its slide to the right on the citizenship issue could end up legitimizing extremist and anti-democratic tendencies.

But Oskar Lafontaine, the leader of the Social Democrats, said the party needed to absorb the lessons of the Hesse election — the first of seven state elections this year in Germany — and, if necessary, carry out a course correction in dealing with volatile issues like immigration and citizenship.

"We need to draw the consequences from this," Mr. Lafontaine said. "We need to find a compromise that can satisfy the needs of millions of long-term foreign residents, but at the same time does not whip up anti-foreign sentiment among native Germans."

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## Stand in His Defense

fense as a potential witness. But Mr. Anwar's lawyers did not call him promptly to charge.

Mr. Mohlar wasted no time in making a political point against Mr. Anwar. When Mr. Anwar began answering questions in English, he said, "Mohlar is speaking in English."

Malaysia is the formal name of the country in English, he said. "Malaysia" is the name of the country in Malay.

Mr. Anwar came to prominence as a Muslim student leader who pressed his country to cast off its British colonial past, in part by using its native language. But most of Mr. Anwar's lawyers were trained in Britain and they are comfortable speaking English.

Despite desultory efforts to conduct the trial in Malay, the judge and defense attorneys typically lapse to English.

For the most part, though, Mr. Anwar was on the offensive. As head of an anti-corruption committee on government minister, Mr. Anwar testified that he had heard lots of incriminating details about high-level officials. He implied that those officials would have ample time to engineer his ouster.

Mr. Anwar also set out to rebut a suggestion that he interfered in an investigation of his alleged sexual affair. The prosecution claimed that he had misused his power to force his former driver, Azizah Abu Bakar, to retract an affidavit stating he had been sodomized by his boss. But Mr. Anwar said Azizah retracted on his own, and he begged for forgiveness.

Judge Augustine Paul dealt Mr. Anwar a setback two weeks ago when he proved a motion to amend the charges so that the government does not have to prove Mr. Anwar had illicit sex with Azizah.

That means Mr. Anwar's lawyers can contest the sexual evidence laid out in the trial. As a result, they say, they cannot clear their client's reputation.

Outside the High Court, about 100 supporters of Mr. Anwar unfurled a banner that declared: "The People's Voice: Anwar Not Guilty." Yet, milling afterward, many seemed resigned to the outcome of the trial. "Either way, he will go to jail," said Mohd Nadim, 29-year-old office worker. "But longer the trial runs, the more the publicity is obvious to people."

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## Eritrea and Ethiopia

## Acquittal and Censure

Representative Asa Hutchinson skillfully used videotape excerpts to reinforce the circumstantial case that Mr. Clinton did his best to keep his affair with Ms. Lewinsky hidden and to impede the gathering of testimony and evidence in the Paula Jones civil suit. But Ms. Lewinsky, who parried many of Representative Ed Bryant's questions, once again denied that Mr. Clinton had directly instructed her to file a false affidavit in the Jones case. Mr. Jordan

## Eritrea and Ethiopia

## Acquittal and Censure

The problem with their impeachment case is not, as the House managers would have it, that the Senate has denied the prosecution a fair chance to present the evidence and witnesses. The problem is that House Republicans misused the power of impeachment to deal with presidential misconduct that deserves formal rebuke but not the ultimate constitutional sanction of overturning an election.

As the trial enters its fifth and probably final week, the only drama left is whether the Senate will find a way to censure Mr. Clinton as it acquires him of impeachable offenses. This whole affair must not end without a stinging condemnation of Mr. Clinton's behavior by the Senate. Senator Dianne Feinstein, a Democrat, has drafted such a resolution with the assistance of Robert Bennett, a Republican. It is gaining support among Democrats. It will need a handful of Republican votes to pass, and a solid bipartisan majority to be meaningful.

—THE NEW YORK TIMES.

## Starving North Koreans Need the World to Help

From the refugees' testimony, it seems likely that one of the major famines of the century is taking place, and that as many as 3 million people may have died so far. I covered Cambodian and African famines, but this may be even worse. It could be comparable to the aftermath of Mao's failed Great Leap Forward of 1958-1959 in China.

The refugees say that in cities grim Stalinist apartment blocks are half empty, their inhabitants having fled or died. They say that people have stopped marrying because there is no

U.S. Defense Secretary William Perry is completing a review of future options, after apparently concluding that current American policies on North Korea have failed. Washington's considerations appear to be based mainly on concern about nuclear weapons and ballistic missiles. The United States fears that North Korea may soon pos-

The writer is Beijing correspondent of The Times of London. He contributed this comment to the International Herald Tribune.

## Starr's Results? Failure, and Repudiation by Americans

McCarthy and his minions To  
used the power of a Senate distinc

me, at least, the most  
ive characteristic of the

\$100,000 retainer, described as "hush money" and was Mr. Jordan who

Accordingly, he pr

## But Truth About Clinton Will Emerge

widely described as "hush money." It was Mr. Jordan who

lawyer who would have the affidavit to avoid

Accordingly, he probably

This speedy trial is serving its limited but historic purpose of making public what the public wants to ignore. The president will stay in, but truth will out.

*The New York Times.*

## *Hussein Has Left Jordan on Track*

that the United States should do everything possible to keep King Hussein in power, even after the king made one of the few mistakes of his long reign, supporting Iraq in the period leading up to the Gulf War. A stable Jordan, Mr. Shamir told me, was crucial to long-term prospects for peace. That was true then, and it is true today.

in turn, has under-  
the fragility of the Is-  
Jordan peace treaty,  
cannot stand alone. In-  
the core concept to  
the 1991 Madrid peace  
conference gave birth was  
face negotiations be-  
Israel and all its im-  
neighbors.

**1924: Undying**

PARIS — [The Herald Tribune Editorial:] "The new under the sun." ... an women had the ... and their rouge pow ... these munitions of d ... been found in the ... ancient Phœnician to ... discovery is not at a

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*The New York Times.*

**IN OUR PAGES: 100, 75 AND 50 YEARS AGO**

## 1899: Army Cronyism

tors and the keeping of incompetent officials in their places. It is a discredit to the Administration and to the civil branch of the army organization.

## 1924: Undying Vanity

PARIS — [The Herald says in an Editorial:] "There is nothing new under the sun." Carthaginian women had their lip-sticks and their rouge powder. Both of these munitions of the toilet have been found in the ruins of the ancient Phœnician town. But this discovery is not at all surprising to those who have studied the

## habits of humankind in the vari

ous epochs of history. The lowest savages paint their faces and so do some of the gentlest and most highly cultivated women. Paint, powder and perfume mean little except that the feminine appeal of one age is sometimes effective in succeeding ages and that vanity is undying.

## 1949: Treason Charge

**BUDAPEST**—Joseph Cardinal Mindszenty, Roman Catholic Primate of Hungary, was convicted of treason by a Communist people's court and sentenced to life imprisonment. The court held Cardinal Mindszenty guilty on three charges: treason, attempting to overthrow the republic and foreign currency speculations. Dr. Oltusz discussed the charges. He said: "The head of the Church became a political leader. Hapsburg rule and democracy are impossible."

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STRETCH YOUR WILL

**VISA**











TUESDAY, FEBRUARY 9, 1999

PAGE 9

## Pressure Builds on BMW to Keep Rover Plant Open

By Alan Cowell  
New York Times Service

LONGBRIDGE, England — If Rover Group PLC's sprawling auto assembly plant here had a middle name, it would be trouble.

Strawed over 430 acres (172 hectares), it is one of Britain's oldest factories. It first produced a car in 1906. In more modern times, the plant's production record in more than 30 years. The midrange models built here — the Rover 200 and 400 — have sold poorly, doomed by Britain's high pound to poor exports and competition from cheaper imports.

With their collars turned up against gusting snow Monday, some

of the people who work here said they had no idea how long they would have a job.

It is not surprising, then, that for its owners — Bayerische Motoren Werke AG — the Longbridge fa-

BMW shares surge. Page 11.

ility, the biggest of three Rover assembly plants, has become a persistent nightmare. On Friday, its lack of profitability and a bitter boardroom dispute over strategy toward Rover's future forced the ouster of BMW's top two executives in corporate bloodletting that stunned the usually consensual world of German business.

But as the shock waves spread from BMW's Munich headquarters, the Longbridge plant came to mean a whole lot more, evoking what it had meant for international investment in Britain, which BMW helped strengthen with its 1994 acquisition of Rover for about \$1.2 billion.

When times are good, foreign investment bolsters balance sheets. But when times turn tough, the outsiders may be tempted to lead the retreat, as Siemens AG proved with its closure of a major semiconductor plant last autumn.

And when investment is trimmed, so, too, are jobs, bringing the politicians into the discussion. Prime Minister Tony Blair called Chancellor Gerhard Schröder. The British

trade and industry minister, Stephen Byers, spoke to both BMW's new bosses and its principle shareholder, the elusive Quandt family, before traveling here Monday to talk with management. British labor union representatives petitioned BMW to keep the plant open.

[Britain stepped up the pressure on BMW Monday to keep open its troubled Longbridge plant, Reuters reported. Mr. Byers, visiting the factory on the outskirts of Birmingham, said he had made "the strongest possible representations" to BMW about the importance of the government's support for the plant and to Rover in general.]

BMW, seen as vulnerable to a takeover in the cutthroat, merger-

driven automotive industry, reportedly gave itself two weeks to decide between various options, including the continuing development of Rover and a quest for a "partner" to share the burden.

The upshot, a labor representative said, was "cautious optimism" that Longbridge would be spared. But the episode has reinforced the patchiness of Rover's record. While its niche market successes include sport-utility vehicles, the Mini and the MG sports car, its mass-market 200 and 400 models have been poor performers. Its newest executive-range model, the Rover 75, the first created and produced wholly under BMW ownership, has just been unveiled to generally good reviews.



Stephen Byers, Britain's industry minister, center, visiting the plant Monday with Kevin Howe, right, managing director of one of Rover's car divisions.

## Brazilian Fallout

For Argentina, Clouds in the North

By Clifford Krauss  
New York Times Service

CONCEPCION DEL URUGUAY, Argentina — The main north-south highway running through Entre Rios, this languid, marshy province of gauchos and cattle, is still clogged with trucks carrying Brazilian, Paraguayan and Uruguayan license plates. Workers continue widening the roads and improving bridges, suggesting a limitless future tied to expanding international commerce.

But clouds are looming ever larger just to the north, over Brazil's economy. Brazil is the main engine of the regional trade union, Mercosur, that means so much to the 1.1 million people who live in Entre Rios.

Perhaps no Argentine province has benefited more from Mercosur than Entre Rios, mainly because of its excellent roads linking Buenos Aires with Paraguay and Brazil and its three busy bridges connecting Argentina with Uruguay. The province's unique position is immediately apparent from the turn of a radio dial, revealing sambas interspersed with tangos, or at the truck stops on Route 14 where Brazilian drivers practice their broken Spanish over Argentine steaks.

But now rice and milk producers across Entre Rios are complaining that Brazilian companies are breaking their purchase contracts because they cannot pay their bills. Local poultry managers are complaining that Brazilians are selling cheaper chickens to supermarkets in Buenos Aires. And local politicians are pressing the central government to raise trade barriers.

"The whole province is nervous," said Horacio Roca, president of a local rice cooperative. "If Brazil declines and Mercosur falls, we have no future."

The international economic slowdown has slashed the prices of local beef, soy, fruit, juice, cheese and wood. Low prices and reduced demand led to the closing last year of a Nestle plant in Nogoya that made condensed milk. The closing left 120 people unemployed, and local officials fear more



See ARGENTINA, Page 10

## EU Accepts Rome's Budget Promises

By Barry James  
International Herald Tribune

BRUSSELS — European Union finance ministers said Monday that Italy's three-year budget forecasts were "clearly too optimistic," but they accepted Rome's assurance that it would take any measures needed to meet commitments made when adopting the euro.

Europe's single currency.

With most of them defending entrenched national interests, the ministers bogged down in discussions about reform of the EU's annual budget of 85 billion euros (\$95.98 billion). Several ministers predicted that changes would mean severe cuts in aid to farmers.

The review of Italy's budget plan is part of a procedure to ensure that all countries in the single-currency zone comply with the terms of a stability and growth pact designed to keep the euro strong.

Italy's treasury minister, Carlo Azeglio Ciampi, said he would present revised figures in May, trimming the prediction of Italian economic growth this year to 2 percent from 2.5 percent.

But at the same time, he said, a reduction in interest rates — from the current 4.75 percent to the 3 percent set by the European central bank — would help compensate for lower growth by reducing the cost of servicing Italy's massive public debt.

Italy was accepted as a member of the single-currency zone on the condition that it make strenuous efforts to bring down its

debt. The criteria for the euro demand that the ratio of public debt to gross domestic product not exceed 60 percent. Italy's debt was more than double the required proportion, but the government has pledged to bring the level down to less than 100 percent by 2003.

It aimed to do this by reducing its public deficit to 1 percent of GDP in 2001 and maintaining a high primary budget surplus — one in which income exceeds expenditure before debt repayments are taken into account.

The ministers said Italy should "seize all opportunities to secure a faster decline in the debt ratio." They also suggested that any budgetary savings from lower interest payments should be used to "confirm and possibly tighten the announced budgetary targets, even in a scenario of weaker economic growth."

They also called on Italy to speed up its privatization plans and study ways of reducing its pension commitments.

The Italian budget forecasts were based on a macroeconomic framework used for the government's economic and financial planning document last May.

Mr. Ciampi said he realized the figures were out of date because of the slowdown in the economy, but that changing them would have required parliamentary approval, and there was insufficient time to obtain this. He said the slowdown would be reflected in the next planning document to be presented by May.

A report last week by the European Commission, the EU executive, revived

fears that Italy could slip back into the pattern of deficit spending that marked the three decades before it joined the single currency. But Mr. Ciampi said Italy had made valiant efforts to join the euro, and no one should doubt its commitment to ensuring the stability of the new currency.

He said only one other minister had spoken in the debate about the Italian situation. Asked if this was the Dutch finance minister, Gerrit Zalm, a prominent opponent of Italy's entry into the euro zone, Mr. Ciampi threw up his hands and said, "Don't mention Zalm." But he quickly added, "He's a good friend."

For his part, Mr. Zalm said, "I have confidence in Ciampi. He keeps his word."

The ministers also urged Portugal to stem inflationary pressures by resisting wage demands and limiting budgets. They said the Portuguese economy allowed too narrow a margin "to provide for unforeseen shocks in economic activity or in government finances."

As a condition of membership in the single-currency zone, all countries must submit their budgets for review by the commission and by other members. France and Germany are to submit their budgets next month, and Mr. Ciampi suggested they may face similar criticism.

The ministers spent most of the day discussing the reform of the budget, on which depends the EU's enlargement in Eastern and Central Europe and the future of its common agricultural policy.

## Thinking Ahead / Commentary

## U.S. Trade Leadership on the Mend

By Reginald Dale  
International Herald Tribune

WASHINGTON — In the gloomy weeks of President Bill Clinton's often excruciating impeachment trial in the Senate, there has been at least one ray of light: The United States has finally begun to reclaim its traditional leadership role in the world trading system, after shirking it for the past four years.

First came Mr. Clinton's support in his State of the Union speech in January for a new round of world trade negotiations, dubbed by many the Millennium Round, long championed by the European Union and other top trading powers.

Then Charlene Barshefsky, the U.S. trade representative, followed through with an unusually forthright acceptance of U.S. responsibilities to the multilateral system — after a period in which America's trading partners have been more accustomed to threats of unilateral sanctions from Washington.

On a visit to Europe, Ms. Barshefsky accurately stated that Americans would be "playing with fire" if they raised new barriers to imports during the current period of international economic and financial uncertainty. She pledged to renounce unilateral action and play by the rules of the global game.

One sure unintended consequence of the more cooperative U.S. approach was to vindicate a new French drive to crush the United States more deeply in the multilateral system, so as to deter what Hubert Vedrine, the French foreign minister, now calls the world's lone "hyperpower" from unilateral behavior.

One reason for Mr. Clinton's new enthusiasm for trade is his coming role as host at a summit meeting of the World Trade Organization in Seattle in November, a meeting he wants to make a big success. An enduring attachment to U.S. unilateralism would not be the way to achieve that.

In much the same way, the imminence of the summit meeting of the North Atlantic Treaty Organization in Wash-

ington in April is putting pressure on the United States to resolve the crisis in Kosovo. It would not look good if Kosovo was exploding just as Mr. Clinton took the chair in Washington. Perhaps all future summit meetings should be held in America.

But the Seattle meeting is not the whole explanation for the U.S. trade initiative. Washington is waking up to the dangers of protectionism, not least on its own doorstep as the U.S. trade deficit rises, at a time when hopes of world economic recovery will be dashed if Europe and North America close their markets.

Experience has shown that the best way to thwart protectionist pressures is to keep trade liberalization rolling forward.

But a new trade round is far from a done deal. Idiotically, the United States and the EU are still at daggers drawn over trade in bananas, and an even worse dispute is looming over the EU's ban on imports of hormone-treated beef. Washington and Brussels still disagree over how the Millennium Round would be organized.

Mr. Clinton is also still far from achieving the new political consensus on trade he called for in his speech — a consensus he will need both to launch the new round and to win fast-track negotiating authority from Congress to conclude it.

Mr. Clinton seems to believe that to win approval for new liberalization efforts he will have to show how tough he is against trade partners that buck America's interests. It is a dangerous tactic that could easily backfire.

The EU could help by complying more energetically with WTO rulings against it, and in favor of the United States, such as those on hormones and bananas.

But Mr. Clinton will have to show greater courage than he has in the recent past in standing up to opponents of trade liberalization, many of whom just happen to be the same hard-core Democrats who loyally backed him throughout his impeachment ordeal.

E-mail address: Thinkahead@ihb.com

## CURRENCY RATES

Feb. 8				Feb. 8			
Cross Rates				Other Dollar Values			
London (£)	1.6328	—	2.3282	105.40	2.2811	107.925	12.894
New York (\$)	1.6399	—	1.4158	114.645	1.492	6.6165	7.891
Tokyo (¥)	118.10	184.65	—	79.43	—	17.14	N.Q.
Zurich (Sfr)	1.491	2.4441	1.0537	1.3013	—	0.227	0.524
Frankfurt (DM)	1.296	2.3213	—	1.2509	0.9551	21.508	0.4988
Paris (FF)	1.2246	0.6888	1.4018	127.82	1.4725	7.4355	32.225
Madrid (Ptas)	1.3939	0.8493	1.9706	156.33	2.076	9.1507	396.74
Stockholm (Skr)	—	—	—	—	—	—	—
Oslo (Nkr)	—	—	—	—	—	—	—
Amsterdam (Gld)	—	—	—	—	—	—	—
Brussels (Bfr)	—	—	—	—	—	—	—
Geneva (Sfr)	—	—	—	—	—	—	—
Luxembourg (Lfr)	—	—	—	—	—	—	—
Norway (Nkr)	—	—	—	—	—	—	—
Sweden (Skr)	—	—	—	—	—	—	—
Switzerland (Sfr)	—	—	—	—	—	—	—
Denmark (DKr)	—	—	—	—	—	—	—
Finland (Fmk)	—	—	—	—	—	—	—
Germany (DM)	—	—	—	—	—	—	—
Greece (Dr)	—	—	—	—	—	—	—
Italy (Lira)	—	—	—	—	—	—	—
Japan (Yen)	—	—	—	—	—	—	—
South Africa (Rand)	—	—	—	—	—	—	—
Spain (Ptas)	—	—	—	—	—	—	—
U.K. (Sterling)	—	—	—	—	—	—	—
U.S. (Dollar)	—	—	—	—	—	—	—

Interbank rates excluding commission. To buy one dollar: For 100 N.A. not quoted N.A. not available. SDR: Special Drawing Right of the IMF.

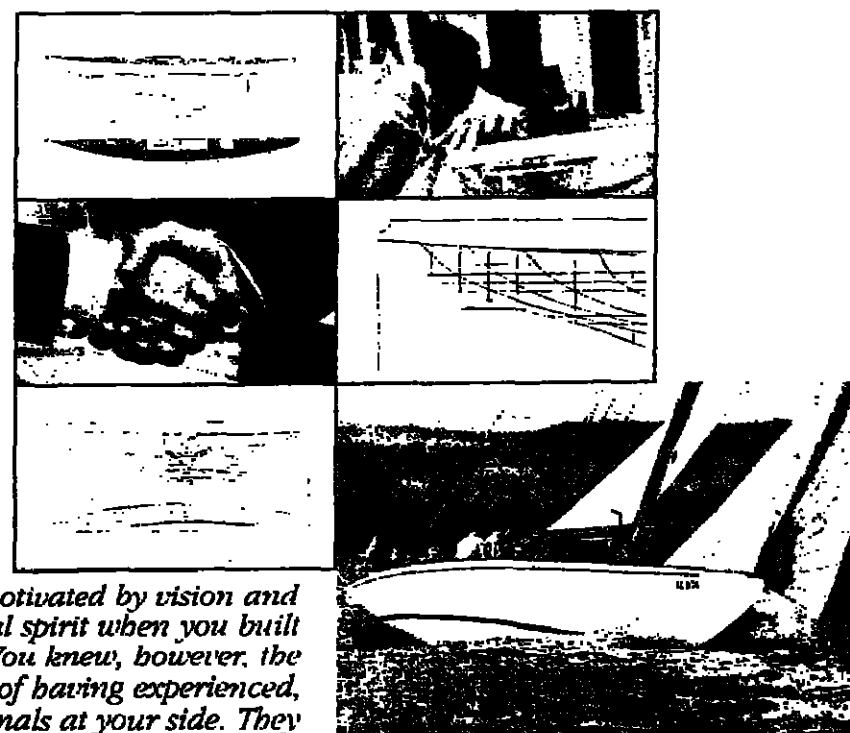
Source: Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); Banque de France (Paris); IMF (Washington). Other data from Reuters.

## Euro Values

Feb. 8			
Frankfurt (DM)	1.2246	0.6888	1.4018
Paris (FF)	1.3939	0.8493	1.9706
Madrid (Ptas)	1.2246	0.6888	1.4018
Stockholm (Skr)	1.3939	0.8493	1.9706
Oslo (Nkr)	1.2246	0.6888	1.4018
Amsterdam (Gld)	1.3939	0.8493	1.9706
Brussels (Bfr)	1.2246	0.6888	1.4018
Geneva (Sfr)	1.3939	0.8493	1.9706
Luxembourg (Lfr)	1.2246	0.6888	1.4018
Norway (Nkr)	1.3939	0.8493	1.9706
Sweden (Skr)	1.2246	0.6888	1.4018
Switzerland (Sfr)	1.3939	0.8493	1.9706
Denmark (DKr)	1.2246	0.6888	1.4018
Finland (Fmk)	1.3939	0.8493	1.9706
Germany (DM)	1.2246	0.6888	1.4018
Greece (Dr)	1.3939	0.8493	1.9706
Italy (Lira)	1.2246	0.6888	1.4018
Japan (Yen)	1.3939	0.8493	1.9706
South Africa (Rand)	1.2246	0.6888	1.4018
Spain (Ptas)	1.3939	0.8493	1.9706
U.K. (Sterling)	1.2246	0.6888	1.4018
U.S. (Dollar)	1.3939	0.8493	1.9706

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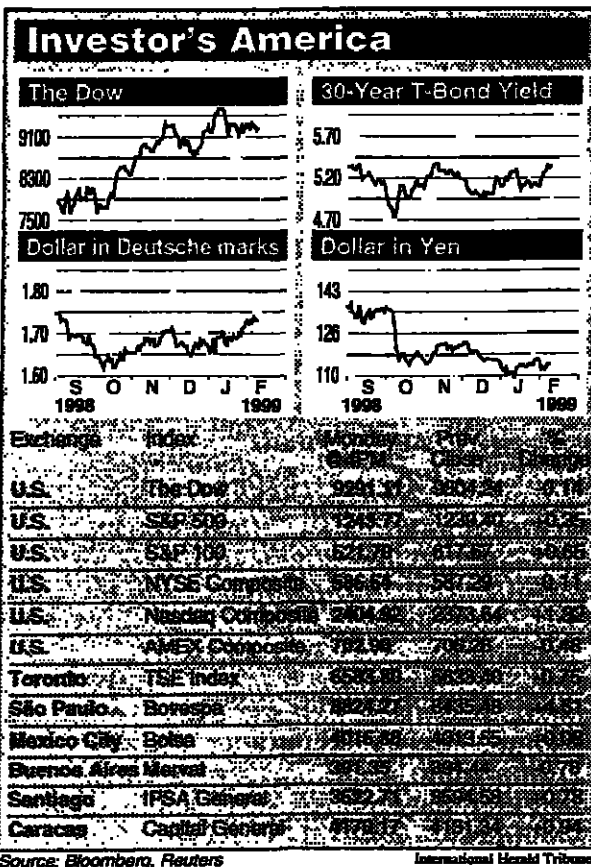
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## THE AMERICAS



## Very briefly:

- International Business Machines Corp. will join with Sony Corp., EMI Group PLC, the Warner Music unit of Time Warner Inc., Universal Studios Inc. and Bertelsmann AG of Germany to test software that allows music sales over the Internet.
- Stroh Brewery Co., the No. 4 U.S. brewer, is to sell its beer brands to rivals Pabst Brewing Co. and Miller Brewing Co., exiting the business after 149 years to concentrate on real-estate interests. Analysts valued the transaction at \$400 million.
- William Hambrecht, a California investment banker, will introduce a system for underwriting initial public stock offerings through the Internet: an on-line auction in which potential investors would indicate the highest price they would pay for a given number of shares.
- Chubb Corp. has agreed to buy specialty insurer Executive Risk Inc. in a stock swap valued at about \$850 million.
- Immunologic Pharmaceutical Corp., a biopharmaceutical company in Waltham, Massachusetts, has decided to close its business and is preparing a plan to distribute company assets to stockholders. The company did not elaborate on the reasons for the closure.

Bloomberg, Reuters, NYT

## Weekend Box Office

- LOS ANGELES — "Payback" dominated the U.S. box office over the weekend, with a gross of \$21.4 million. Following are the Top 10 money-makers, based on Saturday's ticket sales and estimated sales for Sunday:
- | Rank | Title               | Gross          |
|------|---------------------|----------------|
| 1    | Payback             | \$21.4 million |
| 2    | Shrek               | \$12.1 million |
| 3    | Universal Pictures  | \$4.5 million  |
| 4    | Warner Bros.        | \$4.4 million  |
| 5    | Paramount           | \$4.4 million  |
| 6    | Disney              | \$4.4 million  |
| 7    | Shakespeare in Love | \$3.4 million  |
| 8    | A.C. Cullen         | \$3.2 million  |
| 9    | Shogun              | \$2.4 million  |
| 10   | Simply Irresistible | \$2.4 million  |

## U. S. STOCK MARKET DIARY

Monday, Feb. 8									
Indexes					Most Active				
Index	High	Low	Close	Change	Symbol	High	Low	Close	Change
Dow Jones	9100	9050	9075	+25	IBM	115	114	114.50	+0.50
S&P 500	1320	1310	1315	+5	Microsoft	55	54	54.50	+0.50
Nasdaq	2150	2140	2145	+5	Oracle	45	44	44.50	+0.50
NYSE	1200	1190	1195	+5	Amazon	15	14	14.50	+0.50
AMEX	700	690	695	+5	Google	10	9	9.50	+0.50
Trading Activity									
NYSE	1.2B	1.1B	1.2B		Nasdaq	1.1B	1.0B	1.1B	
AMEX	0.5B	0.4B	0.5B		Market Sales	1.0B	0.9B	1.0B	
Dividends									
Company	Per Share	Pay Date	Yield	Dividend	Company	Per Share	Pay Date	Yield	Dividend
IBM	3.60	2/15	3.2%	3.60	Microsoft	0.68	2/15	1.2%	0.68
Microsoft	0.68	2/15	1.2%	0.68	Oracle	0.40	2/15	0.9%	0.40

U.S. Stock Tables Explained									
a - dividend also extra	b - annual rate of dividend per stock dividend	c - liquidating dividend	d - PE ratio	e - 52-week high	f - 52-week low	g - 52-week range	h - 52-week volume	i - 52-week average	j - 52-week median
k - dividend declared or paid in preceding 12 months	l - dividend declared or paid in preceding 12 months	m - dividend declared or paid in preceding 12 months	n - dividend declared or paid in preceding 12 months	o - dividend declared or paid in preceding 12 months	p - dividend declared or paid in preceding 12 months	q - dividend declared or paid in preceding 12 months	r - dividend declared or paid in preceding 12 months	s - dividend declared or paid in preceding 12 months	t - dividend declared or paid in preceding 12 months
u - dividend declared or paid in preceding 12 months	v - dividend declared or paid in preceding 12 months	w - dividend declared or paid in preceding 12 months	x - dividend declared or paid in preceding 12 months	y - dividend declared or paid in preceding 12 months	z - dividend declared or paid in preceding 12 months	aa - dividend declared or paid in preceding 12 months	ab - dividend declared or paid in preceding 12 months	ac - dividend declared or paid in preceding 12 months	ad - dividend declared or paid in preceding 12 months

## Microsoft to Reorganize Into 4 Units

Bloomberg News

REDMOND, Washington — Microsoft Corp. plans to reorganize its business into four groups and bring back a top programming wizard who led the development of Windows 95 and the Internet Explorer Web browser.

An announcement on the reorganization, one of the most sweeping shake-ups in Microsoft's history, could come as early as this week, the Seattle Times reported Monday. The Times said Brad Silverberg, 44, a former Microsoft executive now on leave, would be brought back to head the newly formed consumer group. Mr. Silverberg and Microsoft officials were not immediately available for comment. It was not known whether Mr. Silverberg had accepted Microsoft's invitation.

The reorganization and Mr. Silverberg's role are seen as a major effort to focus on the Internet and Microsoft's customers. The three other customer groups are: corporations; home office or telecommuters; and developers or software programmers. The decision follows a review of company operations by Steve Ballmer, the president and No. 2 executive under Bill Gates.

"When Ballmer did his review, he realized the organization was disconnected from customers, organized around technologies and not customers," said Rob Enderle, an analyst with Giga Information Group, who is familiar with the reorganization plans. Mr. Ballmer has headed Microsoft's interactive media, which include Microsoft's network of Web sites, since November when Pete Higgins resigned as vice president for that group.

Jim Allchin, senior vice president for personal and business systems, would probably head the newly formed enterprise group, in charge of corporate customers and agencies, the Seattle Times reported.

"This is fallout from Steve taking

over from Bill, making fixes that have been needed for some time, focusing on the customer," Mr. Enderle said.

He added that the shakeup would be as important as those following Mr. Gates's 1995 split of the company's initial push into the Internet and the early 1990s break with International Business Machines Corp.

## Nokia Moves to No. 1 Spot

Nokia Oy controlled 22.9 percent of the worldwide cellular phone market last year, passing Motorola Inc. to be-

come the No. 1 cell phone maker, according to a Dataquest Inc. survey reported Monday by Bloomberg News from New York.

Motorola held on to 19.8 percent of the market, while Ericsson AB accounted for 14.6 percent, Dataquest said. Overall, 162.9 million cell phones were sold last year, 51 percent more than in 1997, the company said. Nokia boosted its cell phone shipments 82 percent, spurred by strong demand for a new line of lighter, sleeker digital phones in the United States and Europe.

## And Now, the Wireless Web?

Motorola and Cisco Seek to Join 2 Booming Technologies

By David Barboza  
New York Times Service

CHICAGO — Motorola Corp., a maker of wireless communications products, and Cisco Systems Inc., which provides Internet equipment, said Monday they would form an alliance that would build the world's largest wireless Internet system, in what is being billed as the next giant step in the Internet revolution.

The project is the most ambitious effort yet to build a global network that would enable businesses and consumers to have high-speed Internet access to e-mail and faxes without the burden of wires, cables or even walls.

The plan, announced at a cellular telephone conference in New Orleans, makes Motorola and Cisco Systems the latest communications and networking giants to join forces in an attempt to capitalize on the increasing popularity of the Internet and the rapid growth of wireless communications products.

Over the past year, several telecommunications companies have announced

plans to offer new services or upgrade their wireless communications operations so that businesses and consumers may have some access to the Internet. AT&T Corp., for instance, already offers wireless service that taps into electronic mail and Internet information.

"This is part of a trend," said Roberta Wiggins, a wireless-communications analyst at Yankee Group in Boston. "People have been saying, 'There are all these people with cell phones and all these people accessing the Internet, and at some point people are going to put these two things together.'"

Separately, Microsoft Corp. and British Telecommunications PLC said they would develop wireless Internet and corporate data services outside North America, Bloomberg News reported from London.

The companies will begin testing the services in Britain within the next few months and plan to make them available around the world early next year. BT, Microsoft and Concert, a BT venture that targets global corporate clients, will market the services.

## Dollar Rises as Japan Tries to Curb Yen's Ascent

Bloomberg News

NEW YORK — The dollar rose against the yen for a second day Monday as Japanese officials called for lower bond yields to encourage borrowing and curb the yen's rise, both of which would help lift Japan from its worst recession in 50 years.

Finance Minister Kiichi Miyazawa wants the Bank of Japan to buy government bonds to halt the surge in long-term interest rates.

"It's urgent that the central bank consider purchasing bonds," Japan's chief cabinet secretary, Hiromi Nonaka, said.

"Rates have essentially tripled in the last few months," said Jamie Coleman, a senior analyst at Thomson Global Markets in Boston. The call by Mr. Miyazawa and others would have the "double

## FOREIGN EXCHANGE

benefit of getting borrowing costs down and weakening the yen." In 4 P.M. trading in New York the dollar was at 114.545 yen, up from 112.300 yen Friday.

The euro rose to \$1.1322 from \$1.1292 even though a slowdown in German industrial production bolstered

expectations for lower interest rates in Europe. Against other currencies, the dollar fell to 1.4158 Swiss francs from 1.4218 francs Friday, while the pound rose to \$1.6399 from \$1.6333.

The dollar extended gains against the yen and losses against the euro amid sales of yen for euros. Such trades are often executed by selling yen for dollars, then selling those dollars for euros. "This is a leftover effect from a big euro-yen order," said Grant Wilson, a trader at Pittsburgh's Mellon Bank. Still, the euro is down 3 percent from its initial rate of \$1.17, set Dec. 31.

## Bearish Analysts Undermine Stocks

Compiled by Our Staff From Dispatches

NEW YORK — U.S. stocks were mixed Monday amid concern that the outlook for corporate earnings did not justify price levels. Gains in Microsoft and other computer-related shares buoyed the Nasdaq Composite index.

"The market is too rich and there are a significant number of stocks that have gotten ahead of themselves," said Douglas Cliggett, chief investment strategist at J.P. Morgan Securities.

The Dow Jones industrial average closed 13.13 points lower at 9,291.11, while the broader Standard & Poor's 500 index was 4.37 points higher at 1,243.77. The Nasdaq rose 31.28 points to 2,404.9.

On the New York Stock Exchange, declining issues outnumbered advances by an 8-to-7 ratio.

Losses in the Dow were sparked, at least in part, by a warning from one of Wall Street's most persistently bullish analysts, Ralph Acampora, director of technical research at Prudential Securities, said a correction of 5 to 10 percent in the Dow was likely.

Separately, Richard McCabe, chief market analyst at Merrill Lynch & Co., said he expected the Dow to drop to the 7,500-8,000 range.

In the absence of any government economic reports or

major earnings announcements, the analysts' cautious outlooks were enough to end the brief buying spree that occurred when the market opened.

Microsoft rose 5/8 to 165 1/8 after the world's biggest software maker said it would develop wireless Internet set-

## U.S. STOCKS

vices with British Telecommunications PLC.

Some semiconductor equipment stocks rose after Mark Fitzgerald, an analyst at Merrill Lynch, raised his intermediate-term ratings.

Mr. Fitzgerald raised Applied Materials, Cymer, KLA-Tencor and Novellus Systems to intermediate-term "buy" status.

Applied Materials rose 6 1/4 to 67 1/16, Cymer rose 2 1/2 to 28 1/4, KLA-Tencor rose 4 1/16 to 57 1/16 and Novellus rose 3 1/4 to 69 1/4.

Computer Management Sciences rose 4 1/16 to 27 1/16 after Computer Associates International Inc., the No. 4 U.S. software company, agreed to acquire the information technology consulting company, for \$28 a share in cash, or about \$435 million.

The benchmark 30-year Treasury bond fell 1/32 to 98 18/32, nudging the yield up to 5.35 percent from 5.34 percent.

(Bloomberg, AP)

## ARGENTINA: Trade Trouble

Continued from Page 9

plant shutdowns in the coming months. After Brazil floated its currency last month, the real plummeted 40 percent before reviving somewhat. The drop in the real is beginning to undercut Argentine exports — particularly cars, steel and fruit — that compete with Brazilian ones, since the Argentine peso remains pegged to the strong U.S. dollar.

Argentina has made some modest policy changes, such as cutting taxes for exporters, in response.

But Argentine industrialists and opposition politicians are increasing the pressure on President Carlos Menem to raise tariffs on Brazilian goods, a move that would jeopardize a regional free-trade zone that, it is hoped, will someday include all of South America.

Argentine officials recently handed Brazilian officials a list of subsidies Brazilian exporters receive, such as tax breaks and preferential foreign-exchange rates, that put Argentine producers at a disadvantage. The Argentines said they wanted the subsidies cut, Brazilian officials refused to make any commitments.

Trade officials have put together a list of scores of Brazilian goods for which import licenses may be required beginning March 1 — a bureaucratic device aimed at slowing the pace of Brazilian goods entering the country. Mr. Menem is expected to use the list as leverage for a cut in Brazilian export subsidies when he meets with President Fernando Henrique Cardoso of Brazil on Friday.

"We could erect a wall or put barbed wires between the two countries or even dynamite bridges," Jorge Campbell, Argentina's top trade negotiator, said jokingly recently. But he said the government preferred to negotiate.

Since Argentina, Brazil, Uruguay and Paraguay signed a treaty in 1991 aimed at creating a free-trade zone, with no import bans or quotas for local products, trade among the four countries has climbed from \$4 billion to more than \$20 billion a year. A full 30 percent of Argentina's international trade is with Brazil, with a \$1 billion surplus for the Argentine account last year.

With the opening of the regional trade union, Entre Rios farmers decided to take advantage of their river wetlands to grow rice, not a major ingredient in the Argentine diet, for Brazilian consumers.

Entre Rios now produces 55 percent of Argentina's rice output. Rice represents much of the province's \$600 million annual exports, with two-thirds of it going to Brazil.

Rice produced few jobs directly, but it generated tax revenues for the provincial and local governments, spurring an expansion of public universities, improvements in river ports and the extension of telephone and electricity lines to the most remote villages. A boom in seed-processing plants, granaries and silos produced thousands of construction and service jobs.

With prices rising through the 1990s, rice looked like a winner. But Brazilian consumers began tightening their belts last year.

Mr. Roca, the rice-cooperative president, said one of his Brazilian buyers had canceled a \$250,000 purchase even as the order was being loaded on trucks.

The buyer, he said, either ran out of credit or was waiting for exchange rates to settle before retrieving dollars to complete the purchase.

## INTEREST RATES

Monday, Feb. 8

Government Debt									
Instrument	3-month	6-month	1-year	2-year	5-year	10-year	30-year	100-year	1000-year
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
U.S. Treasury	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25

Source: Bloomberg



## EUROPE

Ladbroke  
To Acquire  
Hotel Rival

*Compiled by Our Staff From Dispatches*

**LONDON** — The hotels and gaming company Ladbroke Group PLC said Monday it had made a friendly cash-and-stock offer Monday for a rival hotelier, Stakis PLC.

If completed, the deal, which values Glasgow-based Stakis at £1.16 billion (\$1.90 billion), will push Ladbroke's Hilton International division to the No. 2 spot in the British hotel industry and make it the country's largest luxury hotel chain. Granada Group PLC's Forte hotel division is the largest in Britain, with more than 30,000 rooms.

The offer values each Stakis share at 144.25 pence, a 2.3 percent premium to their closing price Friday, and is made up of 57.7 pence in cash and the rest in stock. Ladbroke, which said it intended to rebrand Stakis hotels as Hilton hotels to strengthen the brand in Britain, said it foresees savings of at least £16 million a year by next year. It added that the deal would contribute to earnings in its current financial year.

"This is a fabulous deal for Ladbroke," said Fraser Ramsden, an analyst at Lehman Brothers. "The issue is whether £16 million isn't a conservative estimate."

Ladbroke's chief executive, Peter George, said the deal would combine Ladbroke's 38 Hilton hotels in Britain with 53 Stakis hotels and Ladbroke's five London casinos with 22 Stakis casinos. Stakis also has 67 LivingWell health clubs, some in Hilton properties.

Stakis's chief executive, David Michaels, will become chief executive of Ladbroke's Hilton International division and join Ladbroke's executive board. Ladbroke shares rose 15.2 percent Monday, to £2.69, on the London Stock Exchange. Stakis shares rose 11.3 percent, to 157 pence.

(Reuters, Bloomberg)

## Financing for World's Poor Countries Declines

*The Associated Press*

**PARIS** — Financing from the world's richest countries to developing nations is declining for the first time this decade, the OECD said Monday, a trend the agency said jeopardized efforts to reduce global poverty.

The Organization for Economic Cooperation and Development, which attributed most of the 11 percent drop to financial turmoil in Asia, now fears that the United Nations' goal of cutting by half the proportion of people living in extreme poverty by 2015 could be at risk.

"If the present trend continues, we won't make it," said James Michel, outgoing chairman of the OECD's development assistance committee. The figures released Monday were from 1997.

The OECD divided financing into government aid and private investment. Its 29 member governments reduced direct aid to developing nations to \$76.8 billion in 1997 from \$78.1 billion in 1996.

Private financing — commercial investment rather than aid — fell to \$252.1 billion from \$282.6 billion in the same period.

That translates into a total reduction of 11 percent in absolute terms, the first such fall in the 1990s. "All projections suggest that this decline continued and widened in 1998," the OECD said.

The OECD identified Asia's financial crisis as the main reason for the reduction in private funding. The biggest single factor was bank lending, which was slashed to \$20 billion from \$86 billion, the report said.

The cut in government aid, however, "is political," Mr. Michel said. "It's a matter of political priority for donor countries."

"The decline suggests that development is not getting the same priority it used to in donor countries," he said.

Figures show that private investment is continuing to dwarf the amount of aid from governments.

Private investment grew to its 1996 high from only \$43.6 billion in 1990. But private investment rarely reaches the world's poorest countries, Mr. Michel said.

Israel, which was the richest of recipients, also benefited from the largest amount of aid, \$1.89 billion.

Only four countries — Denmark, Norway, the Netherlands and Sweden — met the United Nations

target of spending 0.7 percent of gross domestic product on aid.

The United States, which slashed aid by 27 percent in 1997, was the smallest contributor, spending 0.09 percent.

In real terms, total development aid fell by about 20 percent between 1992 and 1997.

**Assessment of E-Commerce**

More research is needed to discover the current extent and future possibilities of electronic commerce, the OECD said in a report published on Monday, according to Reuters.

"Still small in economic terms, e-commerce has the potential to accelerate existing trends and introduce new ways of conducting business, organizing work and interacting in society," the report said.

CEO Ouster  
Lifts BMW

*Bloomberg News*

**FRANKFURT** — Bayerische Motoren Werke AG shares rose 8.6 percent Monday after the German luxury carmaker replaced its chief executive, triggering speculation that it could be sold after it slashes costs at its unprofitable Rover unit.

Bernhard Fischer was replaced Friday by Joachim Milberg after failing to stem losses at Rover. Analysts said the change could herald job cuts or even a plant closure at Rover.

The fifth-largest German carmaker could then be sold to a larger rival to help distribution of Rovers and BMWs in a market dominated by giant companies.

"BMW is just too small to remain independent," said Robert Halver, an analyst at Bank Delbrueck & Co.

BMW shares surged 57.49 euros (\$64.92) to close at 726.49 euros, a one-month high. Volkswagen AG has said it was interested in buying a stake in BMW. Analysts said General Motors Corp., Fiat SpA and Toyota Motor Corp. also were potential suitors.

## Investor's Europe

Frankfurt	London	Paris
DAX	FTSE 100 Index	CAC 40
6000	6000	4000
5500	5500	3500
5000	5000	3000
4500	4500	2500
4000	4000	2000
3500	3500	1500
3000	3000	1000
2500	2500	500
2000	2000	0
1500	1500	0
1000	1000	0
500	500	0
0	0	0
1996	1996	1996
1997	1997	1997
1998	1998	1998
1999	1999	1999
Exchange	Index	Monday
Amsterdam	AEX	528.24
Brussels	BEL-20	3,448.77
Frankfurt	DAX	5,027.22
Copenhagen	Stock Market	624.97
Helsinki	HEX General	5,946.77
Oslo	OBX	553.32
London	FTSE 100	5,934.90
Madrid	Stock Exchange	658.11
Milano	MIBTEL	22994
Paris	CAC 40	4,184.02
Stockholm	STX 16	4,082.96
Vienna	ATX	1,110.64
Zurich	SPI	4,488.04
		Prev. Close
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		%
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		-1.76
		+0.16
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		+0.67
		-0.96

## Very briefly:

- Royal Dutch/Shell Group, the world's biggest publicly traded oil company, is negotiating to invest an additional \$5 billion to expand a natural-gas project in Nigeria and develop new oil fields there during the next five years.
- Schering AG, the world's largest maker of contraceptive pills, said 1998 net income rose 7.2 percent, to 478 million Deutsche marks (\$275 million), in line with estimates, as higher profit in the U.S. and Europe outweighed lower Asian and Latin American income.
- Deutsche Telekom AG, Europe's largest phone company, received permission from the German phone regulator to charge competitors 25.40 DM a month to use its local phone connections. The company had asked for 37.30 DM a month.
- The Czech Republic's jobless rate rose for the third month in January, to 8.1 percent — the highest since the fall of communism in 1989 — as the country's recession prompted companies to cut jobs to reduce costs and improve efficiency.
- British industrial output fell 0.8 percent in December, sparking fears that the economy may sink into recession this year despite aggressive interest-rate cuts by the central bank.
- Thomson-CSF, Europe's biggest defense-electronics maker, said 1998 sales rose 5 percent, to 6.18 billion euros (\$6.92 billion), helped by growing export orders.
- Du Pont Co., the largest U.S. chemical company, won European Union approval to buy the paintmaker Herberts from Germany's Hoechst AG. The purchase will make DuPont the world's No. 1 maker of auto paints.
- German industrial output was flat in December after a 2.1 percent fall in the previous month.

## Accor Agrees to Acquire Frantour

*Compiled by Our Staff From Dispatches*

**PARIS** — Accor SA, the largest hotel operator in Europe, agreed Monday to buy 65 percent of Frantour, a French hotel and travel agency company, from France's national railway operator.

Accor said it also had opened a tender offer for the other 35 percent of Frantour's equity.

Accor did not disclose the price it paid to buy the Frantour stake from the railway company, Societe Nationale des Chemins de Fer Français. The transaction brings Accor

30 hotels with 4,500 rooms under full ownership, rental or franchise contracts; 86 travel agencies operating under the Frantour and Sud-Ouest Voyages brands, and seven French and European tour companies that handled a total of 620,000 clients in 1998.

A Frantour spokesman said the company had tourism-related revenue of about 1.54 billion French francs (\$264.4 million) in 1997, with 1.14 billion francs coming from tour operations, 313 million francs from hotels and 90 million

francs from travel agencies.

"This operation is part of a larger strategic business partnership with SNCF that will be announced shortly," Accor said. SNCF has sought to sell all or part of Frantour to focus on its rail activities and raise funds to expand that part of its business. Last week, it sold Frantour's train-station restaurant unit to Autogrill of Italy for \$55 million.

Accor shares rose 8.3 percent to 204.8 euros (\$231.26) on the Paris Bourse, climbing 15.7 euros.

(Bridge News, Bloomberg)

## IMF in No Rush to Help Russia on Debt

*Reuters*

**MOSCOW** — Russia is sinking in a quagmire of foreign debt, but the International Monetary Fund is not yet ready to come to the rescue, and analysts said Monday that a compromise may not be reached until the debt payments crunch intensifies.

A first deputy prime minister, Yuri Maslyukov, was quoted by Interfax as saying that the government would draft a policy memorandum for the IMF this week outlining anti-crisis plans. He also said Monday that he believed a Fund mission

could return to Moscow next week. But the IMF's top Moscow representative, Martin Gilman, said it was difficult to predict when the next mission would be or when the IMF managing director, Michel Camdessus, might visit Russia.

The IMF's latest mission to Moscow ended Saturday after two weeks of talks failed to result in an agreement on a program that would lead to new IMF credits.

"What we're looking for is a comprehensive policy package that the IMF and the international com-

munity can support and that would be convincing for the Russian population as well as the international community," Mr. Gilman said.

Russia's total foreign debt, excluding interest, is about \$145 billion. This year's payments should total \$17.5 billion, but only \$9.5 billion has been budgeted.

"There are fairly large payments coming due in July to the IMF and others, so I would say they really have to have an agreement by the summer," said Peter Boone, head of research for Brunswick Warburg.

## WORLD STOCK MARKETS

**Monday, Feb. 8**  
Prices in local currencies  
in euros for EU countries.  
Tallies

High	Low	Close	Prev.
Amsterdam	17.00	16.80	16.80
Brussels	17.00	16.80	16.80
Frankfurt	17.00	16.80	16.80
London	17.00	16.80	16.80
Madrid	17.00	16.80	16.80
Paris	17.00	16.80	16.80
Rome	17.00	16.80	16.80
Stockholm	17.00	16.80	16.80
Zurich	17.00	16.80	16.80

Stock prices from Athens and Toronto were not available Monday.

**To Our Readers**

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Handwritten: 1400

NASDAQ

Monday's 4 P.M. Close									
The 1,000 most traded National Market securities in terms of dollar volume, updated twice a year. The Associated Press.									
Symbol	Company	Price	Change	Symbol	Company	Price	Change	Symbol	Company
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
ABX	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
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AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft

AMEX

Monday's 4 P.M. Close									
The 100 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.									
Symbol	Company	Price	Change	Symbol	Company	Price	Change	Symbol	Company
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
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AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft

NYSE

Monday's 4 P.M. Close									
(Continued)									
Symbol	Company	Price	Change	Symbol	Company	Price	Change	Symbol	Company
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
AA	Amgen	115.00	+	GOOGL	Google	100.00	+	MSFT	Microsoft
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The New York Times

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1	European N.Yd Bd	Fd	A	1	1951
2	European N.Yd Bd	Fd	B	2	1952
3	European A			3	1953
4	European B			4	1954
5	European C			5	1955



## INTERNATIONAL INVESTING

## Taiwan Software Firms Get Ready to Roll Out the IPOs

By Thomas Crampton  
International Herald Tribune

TAIPEI — Long dominated by small manufacturing companies, Taiwan's stock market is set to enter a new era as regulators lift the barriers that prevent software companies from listing.

Software developers hope that publicity from the first initial public offerings, expected within three months, will help attract venture capital into the industry by providing a clear exit strategy.

For investors, three companies now passing the final regulatory hurdles offer a variety of different plays on technology, the Internet and Taiwan's economy.

Ulead Systems Inc., one of Taiwan's few software developers with a majority of sales overseas, will be among the first to list.

Specializing in Windows-based, consumer-oriented software for touching up photographs, digital image manipulation for Internet sites and digital video editing, the company made its international debut with the Photostyler program in 1990.

The program, licensed to Aldus Corp. in the United States, grew to occupy a 20 percent market share and became the largest challenger to Adobe's Photoshop in the Windows-based digital imagery software market.

The program was killed after Adobe's merger with Aldus, but not before Photostyler brought Ulead \$10 million in sales and \$6 million for the sale of the program to Adobe.

About half of the company's sales, which grew 35 percent last year to \$18 million, came from retail and bundled sales of Photostyler, the company's latest professional standard image editing program.

"This growth came despite a scanner price war that has slashed equipment prices by 60 percent over the past year and reduced the manufacturer's budgets for bundled software,"

Photo Express, a consumer-oriented photo touch-up program, accounts for 20 percent of sales, and

MediaStudio Pro, a digital video-editing program, represents 15 percent. While company sales are geographically diverse, the work force is largely based in Taiwan.

Bundled software sales in Europe and Japan make up about 55 percent of sales revenue, off-the-shelf sales in the United States account for 40 percent, and the remaining 5 percent is in Taiwan.

Eighty percent of the company's 230 employees work in Taiwan, where software development is done. The remaining workers are spread among sales and research offices in California, Germany and Japan.

Also set to list on the market is Beta Information Systems Co., a 12-year-old company that started by developing Chinese-language operating systems but now focuses on software for small consumer devices.

Eighty percent of the company's 800 million Taiwan dollars (\$24.8 million) in sales last year came from Intermessenger, a handheld device introduced a year ago that allows Taiwan's stock punters to receive real-time market data and news headlines via pager signals.

Similar in size to a personal digital assistant, the Intermessenger

costs an initial 5,900 dollars plus a monthly fee of 800 dollars. The product is run in partnership with Chunghwa Telecom Co.

The company, which has 240 employees, also sells Dr. Stock, Taiwan's first real-time Internet stock information program for Windows.

Another software company preparing to list, Ares International Co., divided most of its \$10 million in sales last year among specialized software for Taiwan banks, a document-management product developed for the government under contract and consulting work to install the logistics programs of Oracle Corp. in Taiwan.

About 10 percent of its sales came from consumer-oriented programs sold into the highly competitive markets for Chinese character recognition as well as Internet site-translation software.

The president of Ares, Harry Yu, said sales could grow nearly one-third this year because of increased installation work for Oracle software and more sales of banking software.

Mr. Yu, whose company now employs 200, said the money raised from the stock sales would be invested in research and development and acquisitions of other software companies.

## Analysts Find Tech Shares' Swoon Overdone

By Lawrence M. Fisher  
New York Times Service

NEW YORK — When Advanced Micro Devices Inc. said last week that pricing pressures on microprocessors might leave it with a loss for the current quarter, it helped set off a two-day rout among many technology shares.

That was perhaps an understandable response for a group of stocks that has been hitting new highs for weeks; less clear was whether it was the correct response.

For many technology analysts, the announcement was *deja vu* all over again. Advanced Micro said price cuts by Intel Corp. would prevent it from realizing the benefits of increased production of its fastest chips.

Last month, Advanced Micro announced fourth-quarter earnings that fell short of analysts' estimates and cited manufacturing problems that prevented it from shipping more of the chips, which command higher prices and have higher profit margins than many of its other products.

This scenario has played out before. Intel introduced a new generation of microprocessor, Advanced Micro rushed to offer a compatible product but runs into manufacturing glitches that keep volume

low. When Advanced Micro catches up and is ready to ship greater quantities, Intel cuts prices and gets ready to release the next generation.

Advanced Micro should be able to do something about production, but it can do little about pricing. Advanced Micro's shares fell \$2.0625 on Friday to close at \$16.8125 on the New York Stock Exchange, after having fallen \$2 the previous day.

Intel dropped \$2.5625 Friday to \$127.5625 on the Nasdaq stock market; it plunged \$8.5625 the previous day after Merrill Lynch & Co. cut its estimate for the company's 1999 profit.

Drew Peck, an analyst with SG Cowen & Co., said the habitual AMD-Intel scenario had been played out in an exaggerated form this time because Intel had realized the significance of the low-end market and was cutting prices sharply there to regain market share it had lost to Advanced Micro.

"Intel, to my recollection, has never been this aggressive about the low end of the market," he said. "But now no one, including Intel, can ignore the low end, because that's where all the growth is."

Intel would rather reduce profit

margins than cede sales to Advanced Micro and watch inventories pile up, Mr. Peck said.

But to extrapolate a softening of demand for personal computers and related components from the Intel-Advanced Micro price wars would be wrong, he said. "On a unit basis, all things being equal, lower prices should lead to higher sales."

He said the problem for PC-related chip companies was that although sales might increase, they wouldn't go high enough fast enough to offset declining prices. Mr. Peck is neutral on most chip stocks but recommends such specialized companies as Analog Devices, Texas Instruments Inc. and Vitesse Semiconductor Corp.

Jonathan Joseph, an analyst with Nationsbank Montgomery Securities, said that while competing with a market leader such as Intel would never be easy, Advanced Micro's inconsistent execution was more of a hurdle for the company.

"I think AMD's No. 1 problem is AMD, not Intel," he said. "AMD just can't get their yields up."

Mr. Joseph said not to assume that other chipmakers would suffer, even though the market brought down many. He noted particularly Micron Technology Inc., which dropped

\$5.375 Friday to close at \$70.25 on the New York Stock Exchange after losing \$3.875 on Thursday. Micron's price had nearly quadrupled in four months, he said, "so it's a very volatile stock."

"But we're not getting any indication demand is softening," he said. "The fundamental story is still intact for both Micron and Intel."

Chip distributors like his company has surveyed, Mr. Joseph said, expect price cuts to average around 15 percent.

"Even if it's 30 percent, that's not out of line," he said. "This is not a price war where everybody bleeds to death."

Mark Edelman, an analyst with Morgan Stanley, reiterated the neutral rating he has long given Advanced Micro and cut his 1999 earnings-per-share estimate to 10 cents from 50 cents.

"In comparison, the consensus estimate for AMD was 85 cents," he said. Mr. Edelman forecasts a loss for Advanced Micro in the first half of the year.

"Until AMD is able to produce significantly more high-speed microprocessors," he said, "the company's product mix will be vulnerable to Intel's aggressive low-end pricing strategy."

## Very briefly:

• The Chicago Mercantile Exchange, Singapore International Monetary Exchange and Paris Bourse said they would create a common electronic trading system for derivatives to increase volume and cut costs. The Globex Alliance agreement will create a system for trading across Europe, Asia and the United States by the third quarter of this year, the partners said. It is to unite Simex, the CME and MATIF/MONEP, the French derivatives exchanges, and to compete with the London International Financial Futures and Options Exchange and Eurex, the German-Swiss futures exchange group.

• U.S. fund managers have raised their forecasts for the country's economic growth this year, with an average forecast of 2.8 percent growth in gross domestic product, according to the Merrill Lynch-Gallup survey for February, compared with a forecast of 2.2 percent a month ago. The managers in the poll say they expect the U.S. economy to be virtually immune to shocks from Brazil and elsewhere. A total of 30 percent of managers now expect inflation to rise this year, compared with 14 percent a month ago.

• Deutsche Bank Securities' chief economist, Edward Yardeni, and other market-watchers on a panel at the World Economic Forum in Davos, Switzerland, said that U.S. stocks — particularly computer-related stocks — were overvalued. "I think we're creating the worst speculative bubble in history," Mr. Yardeni said.

• Yahoo! Inc., the No. 1 Internet search directory, said it was expanding its auction service to offer antiques and collectibles in a partnership with Butterfield & Butterfield, an auction house based in San Francisco. On-line auctions are expected to sell \$3.2 billion of merchandise by 2002.

• Moody's Investors Service Inc. and Standard & Poor's Corp. both said they expected an upgrade in their ratings of mutual funds in Japan to accompany the deregulation of the industry. Japanese analysts said information on individual funds had been fairly limited until the rules requiring more disclosure were introduced in December.

• The worst may be over for Canadian forestry stocks, with U.S. housing starts stronger than expected and shipments to Japan rising. Since August 1997, the forestry index of the Toronto Stock Exchange has fallen 36 percent amid oversupplies of many products. *Bloomberg, Reuters*

## INDOSUEZ HIGH YIELD BOND FUND

Société d'Investissement à Capital Variable  
Registered Office: 39, Avenue Schaffner, L-2528 Luxembourg  
R.C. Luxembourg B-433642

## NOTICE TO THE SHAREHOLDERS

This is to inform the Shareholders of the INDOSUEZ HIGH YIELD BOND FUND SCAV that the Board of Directors' Meeting held on January 29, 1999 decided to pay a dividend of USD 3.37 per share to the holders of Distribution Shares.

The shares will go ex-dividend on February 16, 1999 and the payment of the dividend will be carried out on February 22, 1999.

The Board of Directors

## Advertisement

For information please contact:  
Katy Hour: Fax (33-1) 41 43 52 12 or e-mail: kathy@indosuez.com

## INTERNATIONAL FUNDS

Quotations supplied by fund groups to: STANDARD & POOR'S MORGAN, 1-800-440-0909, e-mail: htm@sp.com

To receive free daily quotations for your funds subscribe to: e-funds@indosuez.com

February 8, 1999

http://www.indosuez.com/INT/FUN/funds.html

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The data in the table is the data supplied by the fund groups to Standard & Poor's MORGAN. It is collected and information into the list before being transmitted to the IHT. Standard & Poor's MORGAN and the IHT do not warrant the quality or accuracy of the list, the data of the performance of the funds of the fund groups and will not be liable for the list. The data of the fund groups is any data. The list is not and shall not be deemed to be an offer by the IHT or Standard & Poor's MORGAN to sell securities or investments of any kind. Investments can be as well as not. Past performance does not guarantee future success. It is advisable to seek advice from a qualified independent adviser before investing.







## SPORTS

## After Record, Cricket-Mad India Hails A New Hero

The Associated Press

NEW DELHI — At shops and bus stations Monday, on radio and television and in newspapers, the topic was the same: the stunning 10-wicket haul by the spin bowler Anil Kumble that propelled India to victory in the second of two cricket tests against Pakistan.

The 212-run victory helped India level the two-test series, the first played against Pakistan in India in 12 years. Pakistan won the first test in Madras earlier this month.

In this cricket-mad region, political rivalries have kept the Indian and Pakistani teams apart.

"I suppose for good India-Pakistan relations, the one-all draw in the series is a 'good result,'" Michael Holding, a former Jamaican and West Indies fast bowler, wrote in *The Indian Express* newspaper.

"Kumble shattered Pakistan's cricket team Sunday, claiming all the wickets, a feat matched by only one other man in the 122-year history of test cricket. Jim Baker of England did it in a 1956 match against Australia in Manchester.

In India on Monday, television stations played the entire match — which lasted four days — and others showed Kumble's bowling again and again.

Children in New Delhi rose early to play cricket before going to school.

"Kumble is my hero!" said Chanchal Mishra, a 12-year-old boy trying to bowl like his idol on the street.

Kumble made his test debut in Manchester eight years ago on the ground where Laker took 10 wickets in an innings, and 19 wickets in the match, on a rain-soaked pitch. On Sunday, Kumble bowled on a pitch slightly softened by rain.

"They just played smarter than we did," said O'Neal, who finished with points and 14 rebounds but was out for six in the final period.

"We were more efficient and had more of a team effort. We were better than we were." They were better.

Bryant, who finished with 12 points and 12 rebounds, second in the league, said that Utah's approach to the game was different.

"They play in a different way, they don't play in the league, they play in a different way," he said.

"They don't play in the league, they play in a different way," he said.

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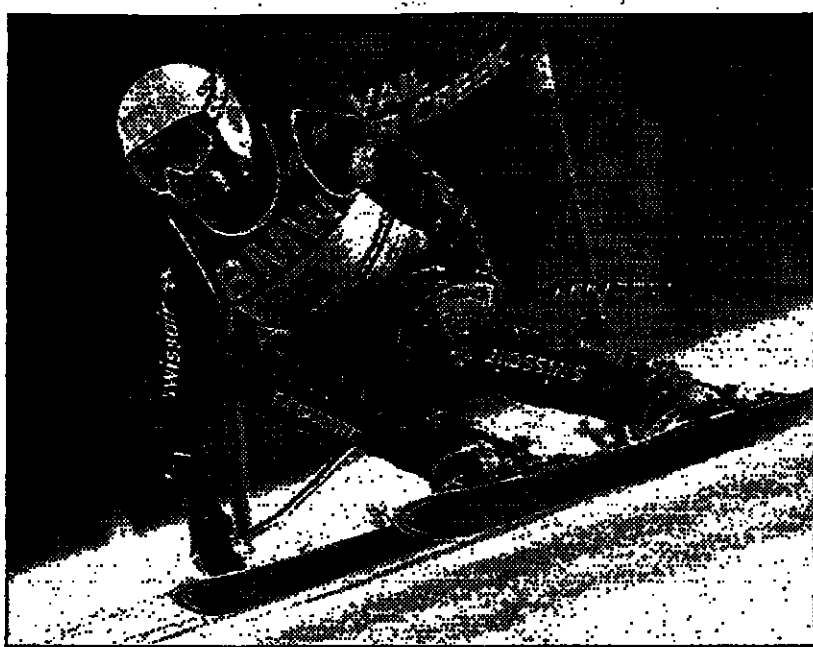
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Switzerland's Bruno Kernen racing to the combined lead on Monday.

## Kernen Holds Slim Lead After Combined Downhill

The Associated Press

BEAVER CREEK, Colorado — Switzerland's Bruno Kernen took a slim lead over a pair of Norwegians on Monday in the downhill portion of the men's combined event in the World Alpine Ski Championships.

Two slalom runs, scheduled for Tuesday, will conclude the event, with the times for all three runs determining the combined champion.

Kernen, gold medalist in downhill and silver medalist in combined at the last world championships in 1997 in Sestriere, Italy, had a smooth run that was timed in 1 minute, 13.44 seconds.

He was a mere .08 seconds ahead of Kjell Andre Aamodt and .14 seconds ahead of Lasse Kjus, the Norwegians who have made the combined event their personal playground this season and who

are the favorites here. Kjus was first and Aamodt second in a combined in Wengen, Switzerland, on Jan. 17. A week later, Aamodt was first and Kjus second in a combined in Kitzbuehel, Austria.

Kjus, who tied Hermann Maier of Austria for the gold medal in the super-G on Tuesday and finished second to Maier in the downhill on Saturday, was the early leader in Monday's combined downhill. Racing sixth, Kjus bettered the time of Werner Franz of Austria, finishing in 1:13.58.

Two racers later, Aamodt, the defending world champion in combined, finished .06 seconds quicker than Kjus at 1:13.52. Kernen, 26, was next, and he avoided the problems in a couple of corners that hurt him in the downhill on this same Birds of Prey course, when he placed seventh.

## Lippi Quits as Juventus Coach

Ex-Parma Chief Ancelotti Takes Over at Italy's Struggling Giant

Compiled by Our Staff From Dispatches

TURIN — Carlo Ancelotti was appointed coach of the Italian champion Juventus on Monday following the resignation of Marcello Lippi.

After Lippi made it clear before Christmas that he would not stay for another season, Ancelotti had agreed to take over the club in July. But Lippi resigned on Sunday night after Juventus lost 4-2, in Turin to Parma. On Monday, Ancelotti agreed to bring forward his start date.

"If the problem with this team is me, then here's my resignation," Lippi said Sunday night. "Let's see this team without the Lippi problem. I've tried to do everything possible to wake this team up, but I've failed."

Vittorio Chianiso, the Juventus president, said that Lippi, who had been coach since 1994, had "handed in his resignation in irreversible fashion." He added that the club had "accepted it with great sadness."

Lippi's five-year contract with the club expires in June, but the coach had already announced that he would not extend the deal. He has been linked to the coaching job at Inter Milan for next season.

Ancelotti, a 39-year-old former player, started his coaching career with Reggina. He then coached Parma for three years, leading the team to its best-ever second place in the Italian league in 1997. He has been out of a job since being dismissed by Parma at the end of last season.

Under Lippi, Juventus returned to prominence after a rare down period. Lippi guided Juventus to three Serie A titles in the past four years, plus the 1996 European Champions Cup.

If success is one hallmark of Lippi's years with the Turin club, another is constant roster renewal — selling off stars and replacing them with new ones. Roberto Baggio, Fabrizio Ravanelli, Christian Vieri and Gianluca Vialli have been among the castoffs.

That lack-of-depth habit caught up with the team this year when Alessandro Del Piero, the star striker, was lost with a knee injury. The club has not recovered, winning just one of its last eight games and dropping to ninth place in the 18-team league. It has been outscored 23-22 in Serie A, and has been eliminated from the Italian Cup competition.

The last time Juventus sat so low in the league table at this stage of the season was in 1962, when it was ninth at the halfway stage and finished 12th, its worst league finish ever.

Lippi suggested that his team's poor showing was linked to his announcement in December that he would leave in the summer.

Florentina, the Italian League leader, lost both its strikers Sunday.

Gabriel Batistuta, the top scorer in the Italian League, twisted his left knee as Florentina drew 0-0, with AC Milan. He will be out for up to six weeks.

On Sunday evening, Edmundo, a Brazilian nicknamed "The Animal" because of his wild play, flew to Rio for the city's carnival celebrations, saying he would be happy never to return.

The Brazilian, who is not scheduled to return to Florence until the middle of next week, said he had no regrets about leaving the club and its coach, Giovanni Trapattoni, in the lurch.

"There's nothing strange about it; it was all arranged," he said. "Trapattoni has a lot of ideas and a thousand resources. He'll have no problem finding another striker."

"If I feel like it, I'll come back — in 10 days' time," he added. "But if the club were to let me go, I'd certainly never come back."

Edmundo walked out on Fiorentina last season but was persuaded to return. In the summer, Vittorio Cecchi Gori, the club president, talked Edmundo into staying for another year, but there has been growing friction between him and his teammates.

He said he had talked with Cecchi Gori "nearly every day and asked him to let me go."

"But he won't," he added. "And so here we are."

Edmundo seemed to have no regrets about leaving even after Batistuta's injury.

"Nobody asked me to stay, but even if they had, I would have left anyway," he told journalists at an airport near Milan.

"With league titles, some you win and some you lose. Anyway, there's a long way to go yet. Nothing's been decided."

Marcello Lippi said he had tried and failed to "wake up" Juventus.

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## SCOREBOARD

### BASKETBALL

#### NBA STANDINGS

Team	W	L	Pct	GB
Philadelphia	1	1	.500	0
Atlanta	1	1	.500	0
New Jersey	1	1	.500	0
Orlando	1	1	.500	0
Washington	1	1	.500	0
New York	0	2	.000	2

#### WESTERN CONFERENCE

Team	W	L	Pct	GB
San Antonio	2	0	1.000	0
Utah	2	0	1.000	0
Dallas	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Portland	1	1	.500	0
Memphis	0	2	.000	2
San Jose	0	2	.000	2

#### PACIFIC DIVISION

Team	W	L	Pct	GB
L.A. Lakers	1	1	.500	0
Golden State	1	1	.500	0
San Jose	1	1	.500	0
Portland	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Utah	1	1	.500	0
Dallas	1	1	.500	0
San Antonio	1	1	.500	0

#### ATLANTIC DIVISION

Team	W	L	Pct	GB
Philadelphia	1	1	.500	0
Atlanta	1	1	.500	0
New Jersey	1	1	.500	0
Orlando	1	1	.500	0
Washington	1	1	.500	0
New York	0	2	.000	2

#### CENTRAL DIVISION

Team	W	L	Pct	GB
San Antonio	2	0	1.000	0
Utah	2	0	1.000	0
Dallas	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Portland	1	1	.500	0
Memphis	0	2	.000	2
San Jose	0	2	.000	2

#### WESTERN CONFERENCE

Team	W	L	Pct	GB
San Antonio	2	0	1.000	0
Utah	2	0	1.000	0
Dallas	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Portland	1	1	.500	0
Memphis	0	2	.000	2
San Jose	0	2	.000	2

### U.S. COLLEGE SCORES

#### FOOTBALL

Team	W	L	Pct	GB
Philadelphia	1	1	.500	0
Atlanta	1	1	.500	0
New Jersey	1	1	.500	0
Orlando	1	1	.500	0
Washington	1	1	.500	0
New York	0	2	.000	2

#### WESTERN CONFERENCE

Team	W	L	Pct	GB
San Antonio	2	0	1.000	0
Utah	2	0	1.000	0
Dallas	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Portland	1	1	.500	0
Memphis	0	2	.000	2
San Jose	0	2	.000	2

#### PACIFIC DIVISION

Team	W	L	Pct	GB
L.A. Lakers	1	1	.500	0
Golden State	1	1	.500	0
San Jose	1	1	.500	0
Portland	1	1	.500	0
Phoenix	1	1	.500	0
Los Angeles	1	1	.500	0
Utah	1	1	.500	0
Dallas	1	1	.500	0
San Antonio	1	1	.500	0

#### ATLANTIC DIVISION

Team	W	L	Pct	GB
Philadelphia	1	1	.500	0
Atlanta	1	1	.500	0
New Jersey	1	1	.500	0
Orlando	1	1	.500	0
Washington	1	1	.500	0
New York	0	2	.000	2

#### CENTRAL DIVISION

**BLONDIE**

THIS HAMBURGER WOULD BE REALLY GOOD IF IT HAD JUST ONE OTHER THING.

WHAT'S THAT?

A SLICE OF CHEESE, RIGHT?



## ART BUCHWALD

## Going Downhill

NEW YORK — The most recent refrain from the reader is: "Why can't you write about something besides President Bill Clinton and Monica Lewinsky?"

I reply, "I could, but I have to feed my family."

The other day when the question was posed I said, "What else could I write about?"

What about skiing? People are much more interested in skiing than what is going on in Washington."

So I went to Vail, Colorado, for the World Skiing Championships and found out some interesting facts.

Skiing is not an impeachable offense unless you let about how fast you went down the hill.

It is not a crime to cross-country ski with another person unless you offer her a job at the end of the run.

Taping another skier in the lodge concerning what she does between bedtime and breakfast is not considered an official event for the World Ski Championships.

It is all right to fall when you are downhill racing as long as you don't lie about it. The ski fans will accept a roll in the snow, but they want the skier to admit it and promise never to do it again.

Some influential skiers will try to get members of their staff to take the fall for them.

If you meet a lovely lady on the ski lift and she is wearing a beautiful outfit, with Bogner goggles and Ralph Lauren ski boots, and she is mutually attracted to you, do not, under any conditions, buy her gifts from the souvenir shop at the bottom of the hill.

That is my skiing article. I hope it takes people's minds off the Clinton stories. Obviously, there are other things than sex to write about. You just have to work harder to find them.

## Helping Jackson Pollock Quit

New York Times Service

NEW YORK — The U.S. government has banned cigarette smoking on airplanes and in office buildings. Now comes the next step on the smoke-free frontier: postage stamps.

The Postal Service will unveil a stamp on Feb. 18 celebrating Jackson Pollock's contribution to Abstract Expressionism. The stamp, only the second to commemorate an American artist, is based on a 1949 Life magazine photograph by Martha Holmes showing the denim-clad artist, a chain smoker, in his studio pouring paint onto canvas, a cigarette hanging precariously from his mouth. But in an artist's rendering of the photo on the stamp, the cigarette has vanished.

"We're not honoring a smoker who happened to be an artist; we're honoring a very good artist who happened to be a smoker," said Don Smeraldi, a spokesman for the Postal Service. "Smoking is not the issue."

Experienced philatelists know that this is not the first time a cigarette has been excised for a postage stamp. A 1994 stamp commemorating the blues guitarist Robert Johnson shows him lacking his signature cigarette, which appeared in the original photograph.

## A Folk Star in China Blends Song and Protest

By Neil Strauss  
New York Times Service

KASHGAR, China — Kashgar is a town tangled up in two time zones.

Nestled in the northwest of China, less than 200 miles (320 kilometers) from the borders of Afghanistan, Tajikistan, Pakistan and Kyrgyzstan, the legendary Silk Road oasis is run by the Han Chinese, who follow the clock of their capital, two time zones away in Beijing.

Meanwhile, the Uighurs, Turkic-speaking Muslims who make up more than 80 percent of Kashgar's population, live according to the local clock, two hours earlier than Beijing's. This disparity makes Kashgar a confusing town to navigate — and it made the task of tracking down Abdurrahim Heet, one of the most important contemporary Uighur composers and musicians, extremely difficult.

Like Kashgar, Heet leads a double life. On one hand, he is famous in the region for his performances of traditional Uighur poetry and music. These are sung in a deep, resonant, nasal voice and accompanied by the *dutar*, a two-stringed lute. The music is available as cassettes manufactured and distributed by the Chinese government.

On the other hand, there are the privately manufactured cassettes. These contain Heet's original compositions, pieces like "Stubborn Guest," an old man's plea to a lodger who has overstayed his welcome — and a thinly disguised analogy for China's presence in the surrounding Xinjiang region, which was made a province of China in 1884.

Traditionally, Uighur music deals with love, morality and criticisms of misconduct. But Heet — known as the "Rooster of Xinjiang" because of his voice — is the first Uighur musician to write about life under Chinese rule. As a result, he has to pay extra money to the private manufacturers of his cassettes to compensate them for

the risk they are taking. He distributes these tapes for free.

A master of folk tradition with a fire for protest and poetry, he has become a local Bob Dylan, spurring many musicians to follow in his footsteps. Songs like "Stubborn Guest" and "Silk," a paean to Uighur culture, have become anthems in Kashgar, where donkey carts are still the main mode of transportation.

The search for Heet began in Kashgar's Sunday market, where the stalls selling local cassettes had his three-tape series of traditional tunes. "Regret," on prominent display, there Abdul Ghenee, a young Uighur, promised he could help track the composer down.

"We have a saying," he said, rubbing his bandaged eye, a result of a fight with a Chinese man who had insulted a Uighur woman. "When a Uighur child can walk, he can dance. When a Uighur child can speak, he or she can sing."

The next stop was an open storefront on a dirt road. The shop belonged to the Emin family, which has been making and selling instruments there for five generations. The store was a reminder of Kashgar's duality.

On the outside was a gold-covered plaque designating the shop's proprietor, Muhammad Emin, as a model member of the local Communist league. But inside, traces of modern Kashgar disappeared. The walls were lined with elaborately decorated *hushars*, a violin-like instrument that had disappeared from Uighur music until it was discovered during an excavation in the nearby Taklamakan desert about 50 years ago.

Emin explained the Uighur oral tradition: There is no notation in Uighur music, which is perhaps a good thing, since what little was written about the music was burned during the Cultural Revolution.

"Ten years ago, modern music was very popular," Emin said. "But these days folk music has the most important place in Uighur society. I think it's because during the



Abdurrahim Heet sings about Uighur life under Chinese rule.

Cultural Revolution people didn't have the freedom to choose what they listened to, and many famous musicians were killed."

Emin gave Ghenee the phone number of Heet's sister, explaining that Heet does not have a phone. At Heet's sister's house, her nephew, Marat, offered to lead us to the small house where the composer lives with his parents.

Heet was dressed in jeans, a neatly pressed white button-down

shirt and a dapper mustache. A finely handled Uighur dagger hung from a leather sheath hooked to one of his belt loops. He sat on an elevated, bright red carpet and had his family bring out flat bread, melon, tea and a bowl for hand-washing.

He then leaned over and whispered something to Ghenee who explained, embarrassed, that Heet had never spent time with an American before.

For the next hour, Heet (with

Ghenee serving as translator) explained the history of the music, the dozens of marathon four-hour concerts he performs annually and the book he was completing on classical Uighur music, the first of its kind.

"Music is one of the most important parts of Uighur culture," he said. "People here can wear American T-shirts, but their hearts stay the same. The music, because it's such a symbol of the heart, changes slowly."

Nonetheless, Heet has been changing the music. Influenced by Persian, Arabic and Turkish music, Uighur songs are as jubilant as they are complex, soaring and dipping along the Arabic scale known as the *maqam* and helping to give the Xinjiang region the nickname "the land of song and dance."

Generally thought to have been brought to the area in the ninth century, Uighur music wound up influencing Chinese court music when it became a favorite among Tang emperors.

One of the highlights of Heet's latest recording and first CD, "Inheritance," is a song called "Rooster," a story about a rooster awaking his people from darkness to welcome a new dawn.

"The government hasn't said anything to me about the political songs yet," he said, "so I don't know if I have a problem."

That night, Heet brought us to a local tea house, where he sat in the back room, door shut to prevent the sound of the restaurant's one-man synthesizer band from leaking in.

After dinner, Heet found a *dutar* in the restaurant. It was warped and out of tune. But when his fingers started sliding and twiddling with heavy-metal speed up and down the long neck, the instrument's defects seemed to disappear.

Wailed rooster-voiced lyrics reverberated, the strings crackled brightly beneath his fingers, up-tempo melodies flowed out of the door. Heet went on for minutes, or hours; it was hard to tell. For a moment, Kashgar was one, keeping time to a single clock, the *dutar*.

## PEOPLE

THE actress Whoopi Goldberg does not want to hear trash talk from people who think her doing "Hollywood Squares" is a major comedown. "I don't need to have three films coming out and watch my hair fall out worrying about the opening weekend gross," the Academy Award-winning actress says in the new issue of TV Guide. "I like this schedule and the money is good." Through her clout, the "Hollywood Squares" center square and executive producer has been able to get such guests as Robin Williams, Billy Crystal, Danny Glover, Melanie Griffith, Rosie O'Donnell, Trisha Yearwood and Garth Brooks on to the show. "Some of them are doing this as a favor to me. Some figure it can't hurt their careers," she said. "I cherish all the people who have said yes because they don't care what the perception is."

Olivia Newton-John will receive the Humanitarian Award from the American Red Cross for her "dedication to community education and to helping people in need." The singer, a breast cancer

survivor who underwent a mastectomy in 1992, was chosen by 10 local chapters of the American Red Cross.

The memorial fund set up in the name of the late Diana, Princess of Wales, suffered yet another setback Sunday when Diana's former secretary resigned from her post, officials said. The fund, created to finance charitable causes associated with Diana and controlled by her family, has been accused of drifting away from protecting her "legacy" in favor of commercialism. Jackie Allen, who served as Diana's secretary for nine months and who worked particularly closely with her on the anti-personnel mines campaign, gave no official reason for her departure.

Promoting his Miss USA Pageant, the real-estate developer Donald Trump enjoyed being a big fish in a small pond, dazzling the locals in Branson, Missouri, with the kind of banter that draws yawns in New York. "I was a great

genius in the '80s," he said. "Then I was a great moron in the early '90s. That's probably why I bought this pageant — so I could get a date. Now they call me a genius again. It's great."

There is "Lear," an Asian reconstruction of Shakespeare's tragedy, but starring a Japanese Noh actor as Lear.

The English Shakespeare Company will present a "Richard II" featuring a bald, fat, babyish Richard with an army of teddy bears. There is the Company Chandigarh's "Yerma," a Lorca drama relocated from Spain to a Punjabi village in India. These are a few of the attractions in theater, music, dance and film to be seen beginning Friday at the Festival of Perth in Australia.

## Professor Cleeve: Enter Laughing

The Associated Press

ITHACA, New York — John Cleeve, the British actor-comedian known for his roles in Monty Python's Flying Circus and Fawlty Towers, has been given an honorary professorship at Cornell University.

During a discussion on the mechanics of humor, Cleeve gave his new title a spin. "I would be delighted to answer anything, provided that you call me, 'Professor Cleeve,'" he said to a crowd of about 1,200 students.

Cleeve was made an honorary A.D. White professor-at-large — a program named after Cornell's first president. He is expected to lecture in Ithaca once a year for the next six years.

"I think I would rather be a professor than an earl or a duke," he joked. "I have only one criticism, other than the coffee. I think that we should move this campus about 800 miles south."



WINNERS — Derek Jacobi and Julie Christie at the Evening Standard Film Awards in London, where they were named best actor and actress. She won for her role in "Afterglow," and he for "Love Is the Devil."



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